Volume One

ACHIEVING A BALANCE

Gaming Licensing Policy Review

July 30, 2001

Alberta
GAMING AND LIQUOR
COMMISSION

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Introduction

This report contains findings and recommendations from a review of gaming licensing policies, to address issues related to the growth of gaming in the province. The views and perspectives of Albertans and stakeholder groups were instrumental in arriving at the recommendations presented in this report.

Background

The Minister of Gaming requested a review of gaming licensing policies in December 1999. The aim of the review was to arrive at policies that clearly set out procedures and processes to address proposals related to the growth or expansion of gaming activities.

Charitable organizations, First Nations, private operators and other parties have expressed interest in new or expanded gaming. For example, interest has been expressed for new or expanded casinos, including First Nations casinos, new games such as keno and electronic bingo, and new gaming environments such as "games rooms" in hotels.

The Minister directed, during the Gaming Licensing Policy Review, that the Alberta Gaming and Liquor Commission (the Commission) suspend consideration of requests to license or approve new casinos, casino expansions or re-locations, new games and new gaming environments.

Gaming Licensing Policies

Gaming licensing policies are the ground rules for the gaming industry. They include general policies or standards, and specific terms and conditions, for the administration, regulation and delivery of gaming activities.

The fundamental purpose of gaming is to benefit charitable, non-proft, public and community-based initiatives. To that end, the gaming industry of the province must be administered and regulated so the integrity of gaming activities are ensured and the proceeds from gaming are directed to approved purposes. Albertans expect gaming activities to be delivered in a socially-responsible manner.

Gaming Activities in Alberta

There are two general categories of gaming activities that are covered by the licensing policy review. They are charitable gaming and provincial lotteries.

Charitable gaming activities refer to bingo, casino table games, pull tickets and raffles (charitable lotteries). Charitable gaming activities are conducted and managed by eligible charitable or religious groups that are licensed by the Commission. The proceeds the charitable or religious groups raise from charitable gaming must be used for approved charitable or religious purposes.

Provincial lotteries refer to slot machines, ticket lotteries and video lottery terminals (VLTs). These gaming activities are conducted and managed by the Commission on behalf of the provincial government and delivered to consumers by private operators or retailers under agreement with the Commission. The proceeds from provincial lotteries are placed in the Alberta Lottery Fund and disbursements from the lottery fund are approved by the provincial legislature.

Horse racing is not part of this review. It is administered and regulated separately by the Alberta Racing Corporation.

Achieving a Balance

There are a number of interests and issues related to gaming activities. Gaming activities generate numerous benefits for Albertans. They also create serious issues for a small percentage of Albertans who experience problems with their gambling.

In this regard, Albertans expect the government to control and manage gaming activities in a socially-responsible manner. In addressing growth, the government is expected to achieve a balance between the social capacity and fiscal capacity of the province. Social capacity includes the public acceptance and social impacts of gaming activities. Fiscal capacity includes the demand for gaming by consumers and the economic impacts of gaming activities. The recommendations in this report were made with this balance in mind.

In fiscal year 2001, gaming activities in Alberta generated gross sales (before prizes) of $14.6 billion, of which more than $13.1 billion was returned to players as prizes.

Over the last 10 years, the proceeds to charities from charitable gaming, and to the Alberta Lottery Fund from provincial lotteries (after retailer commissions, expenses and taxes) has grown from $235 million to more than $1.1 billion per year.

Objective of the Review

The objective of the policy review is to recommend gaming licensing policies that will address issues of growth in gaming and continue to ensure the effective regulation and socially-responsible delivery of gaming activities in the province over the next five years.

What criteria should be used to determine the number of casinos in the province?

How should proposals for new gaming activities, such as rapid keno and electronic bingo, be addressed?

What approach should the province take regarding the use of the Internet for purposes of gaming?

What further measures should be taken to ensure that gaming activities are delivered in a socially-responsible manner?

Some of the issues identified during the Gaming Licensing Policy Review

Legislative Authority

The Minister of Gaming is responsible for the Alberta Gaming and Liquor Commission (the Commission) and its Board.

The Commission is governed by the *Criminal Code* of Canada, the *Gaming and Liquor Act* (Alberta), the *Gaming and Liquor Regulation* (Alberta) and policies established by the Minister of Gaming and the Commission's Board under the provisions of the *Gaming and Liquor Act* (Alberta).

The *Criminal Code* gives the provinces the authority to administer and regulate gaming activities. That provincial authority includes, but is not limited to:

- issuing gaming licences to charitable or religious organizations, if those organizations use the proceeds for charitable or religious purposes; and
- conducting and managing ticket lotteries and electronic gaming such as slot machines and video lottery terminals (VLTs).

The Commission assumes those obligations as an agent of the province. Its core businesses, goals and key strategies are established in accordance with the government's three-year business planning process.

Process of the Review

The process of the Gaming Licensing Policy Review was comprised of four phases as follows:

1. **Development of Preliminary Strategies** - A cross-section of senior Commission managers and key staff identified issues related to the growth of gaming activities and suggested potential strategies to address those issues.

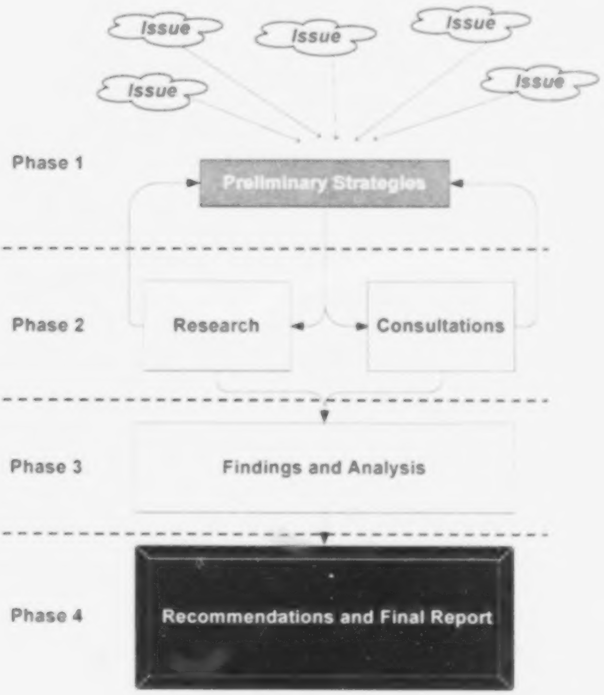
2. **Research and Consultations** - Formal stakeholder consultations were held. Market research was also conducted to determine current public and player gaming attitudes, perceptions and behaviours. A literature search was undertaken to identify significant studies, reports and other literature related to gaming.

3. **Findings and Analysis** - Key findings from the market research, stakeholder consultation and literature search were reviewed against the preliminary strategies and analyzed to develop appropriate recommendations.

4. **Development of Recommendations and Final Report** -Recommendations were developed based on the analysis of key findings and incorporated into the final report.

The diagram below represents the relationship among each of the four phases.

Figure 1: Policy Development Model


Issue
Issue
Issue
Issue
Issue
Phase 1
Preliminary Strategies
Phase 2
Research
Consultations
Phase 3
Findings and Analysis
Phase 4
Recommendations and Final Report

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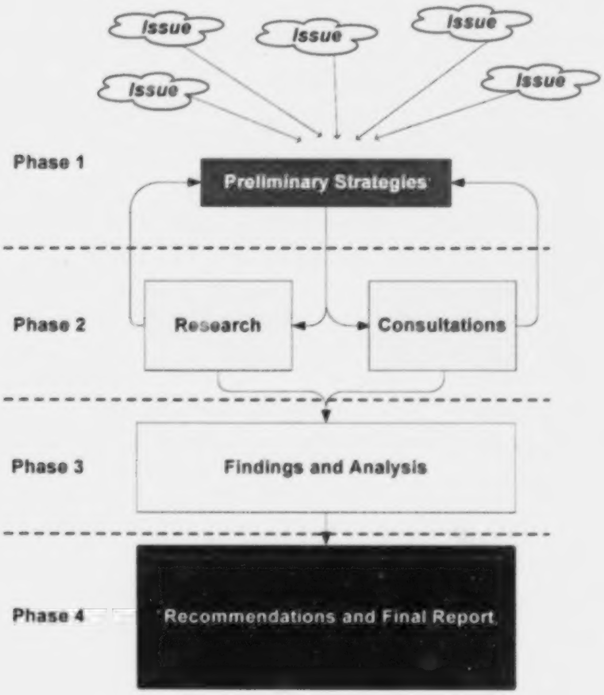

Issue
Issue
Issue
Issue
Issue
Phase 1
Preliminary Strategies
Phase 2
Research
Consultations
Phase 3
Findings and Analysis
Phase 4
Recommendations and Final Report

Key Considerations - Alberta's Current Gaming Environment

The following were key considerations during the Gaming Licensing Policy Review process.

GOVERNMENT REGULATION AND MANAGEMENT

Regulation and Control

Legislation, regulation and policies governing gaming activities determine the shape and size of the gaming industry. These form the framework for gaming policies. The gaming industry is regulated and controlled within this framework.

Achieving a Proper Balance

Albertans expect the government to achieve a balance between the social capacity and fiscal capacity for gaming activities in the province.

Demand for Gaming Proceeds

There is ongoing pressure for proceeds from charitable gaming and provincial lotteries (Alberta Lottery Fund) to help support charitable, non-profit, public and community initiatives throughout the province.

Charitable Gaming Model

The government has made a commitment to maintain the province's charitable gaming model. In this model, eligible charitable groups are licensed to conduct and manage various charitable gaming activities and earn the proceeds directly from those activities.

Standards of Gaming Policies

Gaming policies must meet basic requirements or standards. They must ensure the integrity of gaming activities, be transparent, ensure accountability for gaming proceeds and be fair and consistent both in content and application.

Social Responsibility

Albertans expect gaming to be delivered in a socially-responsible manner. They recognize, while gaming has become an acceptable form of entertainment for many, there also are Albertans who experience serious problems with their gambling.

Research Into Costs and Benefits

The public and stakeholders want a full analysis of the benefits and costs of gaming in the province. Currently, the Alberta Gaming Research Institute and Alberta Gaming Research Council are responsible to examine the social and economic issues.

Partnership

The provincial government, charitable organizations, private operators and retailers and those employed in the gaming industry are all stakeholders in the province's gaming industry. The integrity and socially-responsible delivery of gaming activities are shared responsibility among them.

ALBERTA'S GAMING INDUSTRY

Complexity and Diversity

There are seven types of gaming activities available in Alberta (bingo, casinos, pull tickets, raffles or charitable lotteries, slot machines, ticket lotteries and VLTs). Each has its own history, market, and manner of delivery.

Gaming Infrastructure

Those who directly deliver gaming activities to players include: charitable organizations and their volunteers; private operators and retailers under agreements with charitable organizations; retailers in agreement with the Commission and, in the case of ticket lotteries, the Western Canada Lottery Corporation (WCLC).

Market Competition

Those who conduct gaming activities are allowed to compete for the gaming dollar within the bounds of legislation, regulation and policies.

Product Life Cycles

Gaming products or services have their own life cycles based, among other factors, on their consumer or player base, changing demographics and the introduction of new technologies.

Effect of Technology

Stakeholders involved with traditional or mature gaming activities are compelled to consider new technologies to retain market share and deliver acceptable products. Stakeholders want a level playing field regarding the use or introduction of new technologies in their gaming activities.

Pressures for Growth

Interest has been expressed by charitable organizations, First Nations and private operators for new casinos, including First Nations casinos; new gaming activities such as keno and electronic bingo and new gaming environments, such as hotel "games rooms."

Do existing policies give all eligible charities a fair and equitable opportunity to earn proceeds from charitable gaming? If not, how can the policies be improved?

Do current policies create a level playing field for the stakeholders who are involved in gaming activities? If not, how can those policies be improved?

Some growth-related issues identified during the Gaming Licensing Policy Review

Key Findings

Following are the views and perspectives of the Alberta public and stakeholder groups obtained during the Gaming Licensing Policy Review. The manner in which the views and perspectives of the public and stakeholders were gathered is described on page 1-12.

Views of the Public

What are adult Albertans' views on the growth of gaming and the availability of gaming activities? How many participate in gaming activities? How aware are Albertans about the use of gaming proceeds? What are their views on problem gambling?

The views and perspectives of Albertans on these and other topics were sought through public opinion research conducted in May and June 2000, during the Gaming Licensing Policy Review.

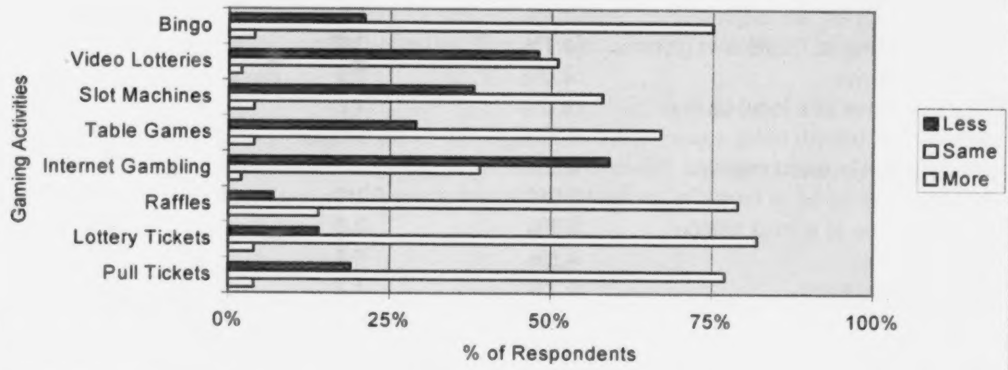
Public on Gaming in General

When asked about the issues facing people in Alberta, only 1% of respondents mentioned gaming or gambling as the most important issue. This compares to 67% who mentioned healthcare, 24% education and 12% taxes. When prompted, Albertans generally express strong views about gambling.

Public on Availability of Gaming Activities

Generally, Albertans feel the availability of gaming activities should remain the same. Few wanted less availability of gaming activities and fewer still wanted more availability. The notable exception is Internet gaming, of which more than half of Albertans wanted less availability (even though the province does not conduct or manage any gaming activities using the Internet).

Graph 1-1: Desired Availability of Gaming Activities (Albertans 18+)



While more than half of Albertans feel availability of video lotteries (VLTs) and slot machines should remain the same, just under half want less availability of VLTs and about one-third want less availability of slot machines. The public tends to view Internet gaming, VLTs and slot machines as "harder" forms of gaming.

Public on Gaming Revenue and Use of Proceeds

Generally, Albertans indicated they are unaware of how gaming proceeds are used, but believe proceeds go to good causes.

Many Albertans believe more money should be spent to inform Albertans about the use of lottery proceeds (the Alberta Lottery Fund). Less than 20% could recall having seen or heard anything about where gaming proceeds go.

Most felt proceeds should be directed to charities (35%), health care (29%), education and schools (23%), community organizations (21%), community facility enhancement (15%), sports and recreation (14%), among others.

Many are not aware of how proceeds from many gaming activities are being used, nor are they aware of which organizations operate the gaming activities.

Public on Participating in Gaming Activities

The most popular forms of gaming are ticket lotteries, in particular Lotto 6/49, which about 69% played in the past year. The chart that follows indicates the participation rates in other gaming activities, including a few that are not administered or regulated by the Commission, such as gambling at resort casinos (for example, those of Reno or Las Vegas), horse racing and Internet gambling.

Chart 1-1: Gaming Activity Participation and Expenditures

Game	Played in past year (all)	#Times played in past 4 weeks (players)	Average Amount spent in last month (players)
Any Lottery Ticket	69.1%	2.8	$ 19.38
Raffles	65.4%	0.6	$ 26.23
Sports Betting or Pools	14.7%	0.9	$ 26.62
Video Lotteries	14.0%	1.9	$ 109.38
Slot machines at a local casino	13.0%	1.7	$ 152.45
Bingo	10.9%	1.0	$ 80.14
Gambling at a resort casino	9.0%	0.9	$ 662.20
Pull-tabs	8.6%	1.0	$ 16.60
Table games at a local casino	5.7%	0.6	$ 222.53
Horse racing	4.8%	0.4	$ 59.83
Internet Gambling	0.2%	1.3	$ 55.00

Public on Problem Gambling

About half of Albertans believe problems associated with gambling in the province have increased over the past year and about half believe the problems have remained the same. While the public is concerned about the potential problems with gaming, most Albertans (79%) somewhat or completely agree it is up to each individual to be responsible for their own gambling behaviour.

Public on Gaming Facilities

The most important features in gaming facilities for a large majority of respondents are security and a clean, modern environment. Other features that also rated highly were spacious surroundings, convenient parking, easily-identifiable staff and non-smoking sections.

Views of Stakeholders

Stakeholders are those directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest.

The views and perspectives of stakeholders were obtained during consultations in September and October 2000. As well, a representative survey of charities in the province and gaming workers was conducted.

Stakeholders on General Administration of Gaming

Stakeholders are generally satisfied with the way the Commission is regulating and controlling the gaming industry in the province. Many stakeholders, despite at times disagreeing with gaming policies of the Commission, felt the Commission acts professionally and with integrity.

Generally, stakeholders wanted some assurances regarding rules and limits for gaming, or for the Commission to have a “game plan” for the gaming industry. A few stakeholders expressed the view that policy decisions of the Commission for one gaming activity has impacts on other gaming activities and that such impacts should be kept in mind when making decisions or considering long-term policy strategies for gaming activities. For example, the bingo industry feels it competes with other gaming activities, in particular casinos, which are believed to be drawing away bingo players.

The majority of stakeholders believe the Commission has been doing a good job balancing growth and social responsibility. Even so, a few stakeholders felt an organization such as the Commission, that is generating significant revenue from gaming, is bound to be biased in its regulatory role.

Stakeholders on Availability of Gaming

Opinions varied about how widely available gaming activities should be in the province.

A number of stakeholders felt the marketplace would determine the limit of growth for gaming activities, or decide the capacity for more gaming facilities. A view expressed was that placing caps on gaming activities will not stop people with disposable income from participating in gaming activities. Some industry stakeholders felt there is room for carefully planned expansion of facilities and games under the existing rules.

A few stakeholders believe electronic games have growth potential. Some stakeholders expressed the view that VLTs should be in casinos to reduce their accessibility.

Most charities and gaming industry (casino and bingo) workers want the level of availability of gaming activities to remain the same. Most charities and gaming workers expressed the view that increasing availability of gaming activities will create more problems than it is worth. They also believe that the demand for gaming in the province is growing.

Just under half of the charities and gaming workers surveyed indicated VLTs should be less available, consistent with the percentage of adult Albertans who feel the same way about this gaming activity. This was the highest response to reduce availability of an existing gaming activity.

A few stakeholders felt decisions related to the growth of gaming should await the outcome of research into the social and economic costs of gaming.

Stakeholders on Regulation, Enforcement

Generally, stakeholders feel the Commission has done a good job in regulating the industry. They feel access to gaming is well controlled and regulated.

Police service representatives generally indicated that they did not have resources to focus on gaming-related criminal activity, and would be open to operating jointly with the Commission in this regard.

Some members of the bingo industry felt that bingo is overly controlled and regulated. It was felt that bingo halls are entertainment centres and should be allowed to offer players a diversity of games with fewer restrictions, and that regulations should not be designed to protect weak bingo associations.

Stakeholders on Gaming Revenue

Some industry stakeholders felt that having VLT revenues go directly to charities rather than to the Alberta Lottery Fund would garner more support for VLT gaming. It was felt, using this approach, the public would have a better idea of how the revenues would be used and benefit the community.

Some stakeholders felt that there should be more equitable access of rural communities and small municipalities to the proceeds from gaming.

Stakeholders on Use of Proceeds

More than half of the surveyed charities and gaming workers (casino and bingo) believe that more money be spent to inform Albertans about proceeds, consistent with the views of Albertans in general. A number of stakeholders felt more could be done to educate and inform Albertans about the benefits derived from gaming revenues.

Stakeholders on the Charitable Gaming Model

Stakeholders strongly support the province's charitable gaming model for bingo, casinos, raffles (charitable lotteries) and pull ticket sales. The charitable gaming model is viewed by most as a cornerstone of the provincial gaming landscape that must be maintained.

Stakeholders on Eligibility for Charitable Gaming Licences (Access to Proceeds)

A number of stakeholders felt the eligibility of charities for charitable gaming licences in general should be carefully reviewed. Ensuring that charities get equitable access to proceeds was viewed as a challenge for the Commission. A few stakeholders felt some groups continue to be issued charitable gaming licences whereas other groups felt to be more deserving, have not been able to obtain a licence. Some stakeholders suggested that, without a way to measure the performance of charities, groups that do little work of proven value may obtain the same amount of proceeds as groups doing great work in the community.

Stakeholders on Fairness and Consistency

A recurring theme among many stakeholders is the importance of applying gaming policies consistently. A common view among shareholders is that any First Nations casinos that are developed should have the same rules as other casinos.

Members of the bingo industry in particular expressed the view that bingo has not been treated fairly when considering the number of new casinos, VLTs and slots the Commission has approved. They believe they have not had the same opportunities to compete in the gaming market as those involved with other gaming activities.

Stakeholders on Consultation and Communications

Many stakeholders appreciated the opportunity to provide their views and perspectives during the Gaming Licensing Policy Review. Most feel ongoing consultation is valuable and important.

Fewer than half of the charities and workers surveyed believe they or the industry have had input into gaming policies.

A few stakeholders expressed the view public consultation is needed prior to any expansion of gaming.

Stakeholders on Research

A number of stakeholders indicated they would like to have a better handle on the impact or cost of gaming in the province. A few expressed the view that striking the right balance between social responsibility and growth means having information and a full cost benefit analysis, which may well take years to obtain. Generally, few stakeholders were aware the Alberta Gaming Research Institute was established to examine social and economic issues.

Stakeholders on Problem Gambling

A number of stakeholders felt more resources could or should be applied to address problem gambling, including prevention, treatment, education, and informing Albertans about being responsible when gambling. Some gaming industry members felt more could be done to communicate how the Commission and industry are addressing the issue of problem gambling.

A few stakeholders felt the negative impacts of gaming have grown significantly in the past decade and more information is needed about the extent of gambling problems.

Some suggestions were provided to address problem gambling. For example, it was suggested money should be less accessible through cash machines to gamble in VLT locations and casinos. Another suggestion was to have an integrated approach to problem gambling treatment that includes issues or problems related to First Nations, due in particular to the on-reserve casinos that are expected to be developed in the future.

How Views and Perspectives were Gathered

Public views were gathered through a representative telephone survey conducted with a random sample of adult Albertans by an independent research company in June 2000. Key objectives were to measure the awareness, knowledge, perception, attitudes and behaviours of players and non-players regarding gambling.

The views and comments of stakeholder groups were gathered through telephone surveys, facilitated discussions and executive interviews. In September 2000, an independent research company conducted a telephone survey with a random sample of key representatives (presidents, chairpersons, directors, etc.) of charitable organizations drawn from the entire cross-section of charities in Alberta. Industry workers were also surveyed. Key objectives were to measure the awareness, knowledge, perception and attitudes of charitable groups and industry workers towards gambling.

During September and October 2000, a series of facilitated discussions and executive interviews were conducted with gaming industry stakeholder groups throughout Alberta. These were to obtain stakeholder views and perspectives on gaming in general as well as specific matters pertaining to gaming activities in which they are directly involved.

Table 1-1: Summary of Stakeholder Groups Consulted, Methodology and Date Completed

STAKEHOLDER	WHO WE CONSULTED	HOW WE CONSULTED THEM	COMPLETED
Public	1530 adults	Telephone Survey	June 2000
Charitable Organizations	452	Telephone Survey	September 2000
Industry Workers	300	Telephone Survey	September 2000
Community Bingo Licensees	150	Telephone Survey	September 2000
Gaming Industry	Alberta Bingo Hall Managers Association	Facilitated Group Discussion	October 2000
	Registered Casino Advisors Association	Facilitated Group Discussion	
	Federation of Alberta Bingo Association	Executive Interview	
	Alberta Gaming Industry Association	Executive Interview	
	Alberta Hotel and Lodging Association	Executive Interview	
	Alberta Restaurant & Food Services Association	Executive Interview with AGIA	
	Alberta Racing Corporation	Executive Interview	
	Ticket Retailers (4 groups)	Facilitated Group Discussion	
	VLT Retailers (4 groups)	Facilitated Group Discussion	
	Casino Operators (2 groups)	Facilitated Group Discussion	
	Casino Applicants (2 groups)	Executive Interviews	
Agricultural Organizations	Calgary Stampede and Exhibition Association Edmonton Northlands Camrose Grande Prairie Stony Plain Lethbridge	Executive Interviews	October 2000
Government or Public Services	Alberta Association of Municipal Districts and Counties Municipalities: Calgary, Edmonton, Grand Prairie & Red Deer Police Services: Edmonton, RCMP, Calgary, Lethbridge, Medicine Hat AADAC Alberta Justice	Executive Interviews	October 2000
Advocacy or Service Group	Salvation Army Canada West Foundation Canadian Compulsive Gamblers Foundation	Executive Interviews	October 2000
First Nations	Alberta First Nations Gaming Association (45 Nations)	Government Main Table	December 2000

Highlights of the Recommendations

Sixty-one recommendations are made and address a number of different policy issues related to the growth of gaming activities. Following are some of the highlights of those recommendations. The specific recommendations follow these highlights.

Affirming the Guiding Principles for Gaming

Public Views

Albertans want the government to follow guiding principles for lotteries and gaming that recognize and address the social impact of gaming. At the Lotteries and Gaming Summit '98, many participants believed, "citizens want to see a well regulated industry that is properly restrained." The summit recommended: "That the Guiding Principles for lotteries and gaming in Alberta adopted by the provincial government be updated, upgraded, accepted, and adhered to." The provincial government accepted this recommendation in principle.

Background

The Commission has adopted guiding principles that reflect the views and issues raised by participants at the 1998 summit. These guiding principles are currently dispersed in various documents of the Commission and Ministry of Gaming, such as their business plans, annual reports, annual Charitable Gaming in Review reports, and website.

Albertans and stakeholders want the general rules for gaming activities to be clearly spelled out and followed by the government.

Summary of Recommendations

- **A consolidated set of Guiding Principles for Gaming in Alberta should be formally adopted or affirmed and made readily available to the public and stakeholders.**

For the guiding principles and specific recommendations refer to "Gaming in General" which appears on page 1-27.

Expansion of Charitable Casino Facilities, Association Bingo Halls, Racing Entertainment Centres

Public and Stakeholder Views

Albertans want input into policies related to growth or expansion of gaming activities in their communities. They also indicated that the availability of casinos, bingo, and racing entertainment centres should remain the same.

Background

Permanent charitable casinos and association bingo halls are licensed gaming facilities. Racing entertainment centres or RECs (slot machines at racetrack facilities), dependent on an amendment to the *Gaming and Liquor Regulation*, will also be licensed gaming facilities. Currently the slot machines at RECs are provided under an agreement between the REC operator and Commission.

Expansion refers to a new licensed gaming facility or REC in the community. It also includes the major relocation of an existing licensed gaming facility or REC (that is, to capture a new or different player base or market area), or the physical expansion of an existing licensed gaming facility or REC. Expansion does not refer to the relocation of a licensed gaming facility in close proximity to the existing location for purpose of attracting essentially the same player base or serving the same market area.

Community views will be instrumental in the process to approve licensed gaming facilities.

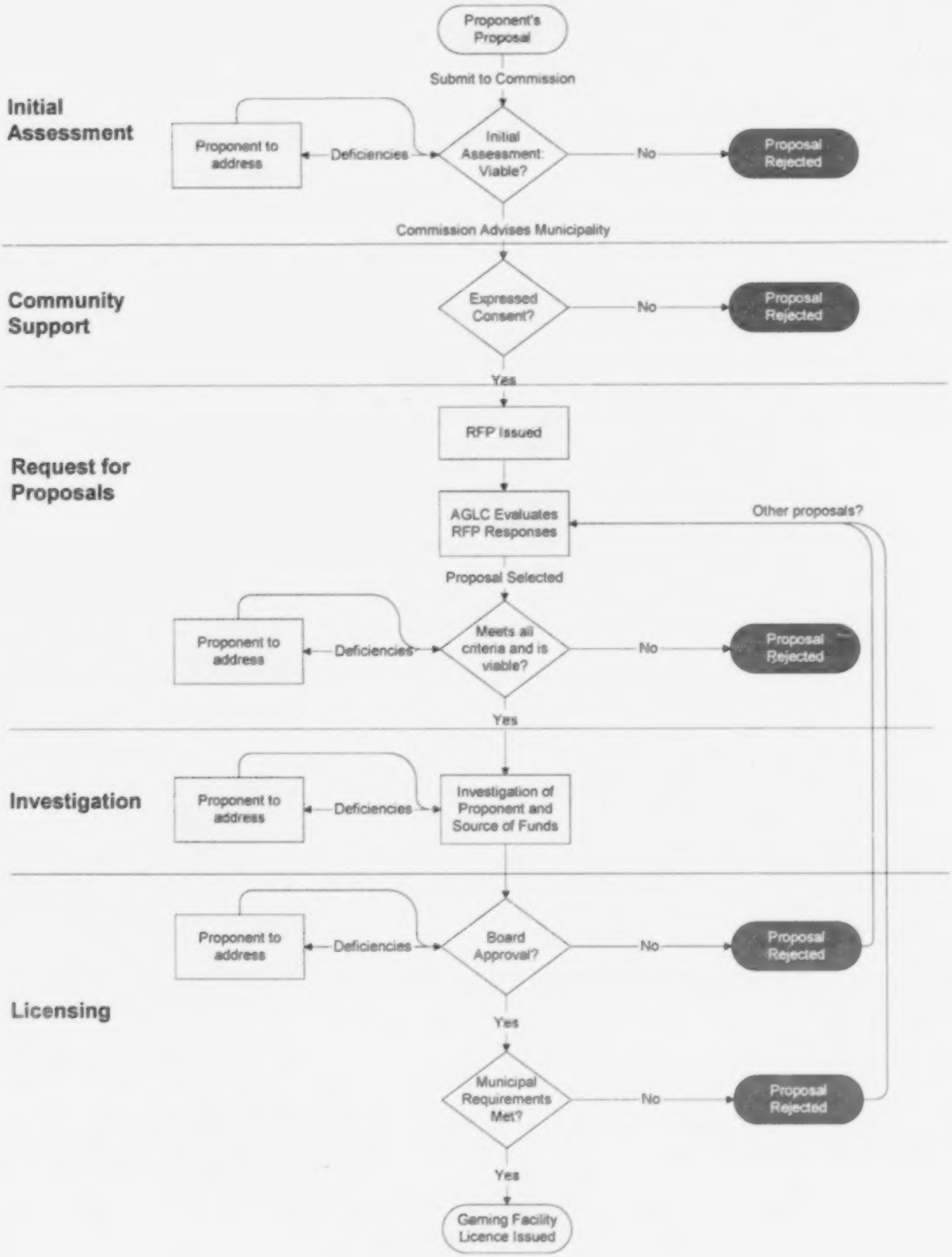
Summary of Recommendation for a New Licensed Gaming Facility or REC

- **The Commission will initially assess a proponent's proposal for a new licensed gaming facility to ensure it meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the expressed consent of the community will be required before the Commission will give further consideration to the proposal. Expressed consent would be a resolution of municipal council in support of the new licensed gaming facility or, in the case of a proposed on-reserve casino, a band council resolution in support of the facility.**

- **Prior to final approval, a proposal for a new licensed gaming facility or REC that has received expressed consent should meet the requirements in each of the three key steps that follow, namely:**
  - **Request for Proposals**
  - **Investigation, and**
  - **Licensing.**

Figure 2 depicts the process to approve a new licensed gaming facility. See the recommendations under "Gaming in General" on page 1-28 for further details related to this recommendation.

Figure 2: Approval Process for New Licensed Gaming Facility


Proponent's Proposal
Submit to Commission
Initial Assessment
Proponent to address
Deficiencies
Initial Assessment: Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
RFP Issued
Request for Proposals
AGLC Evaluates RFP Responses
Other proposals?
Proposal Selected
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Investigation
Proponent to address
Deficiencies
Investigation of Proponent and Source of Funds
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

Summary of Recommendation for the Major Relocation or Expansion of an Existing Licensed Gaming Facility or REC

- **If a proposal for a major relocation or expansion of an existing licensed gaming facility or REC has merit based on an initial assessment by the Commission, the expressed consent of the community will be required *before* the Commission will give further consideration to the proposal.**

- **After expressed consent is received, the proposal for relocation or expansion should go through two additional steps before it may be approved, as follows:**
  - **Commission Review, and**
  - **Licensing**

Figure 3 depicts the approval process for the expansion or major relocation of an existing licensed gaming facility or REC. See the recommendations under "Gaming in General" on page 1-31 for further details about this recommendation.

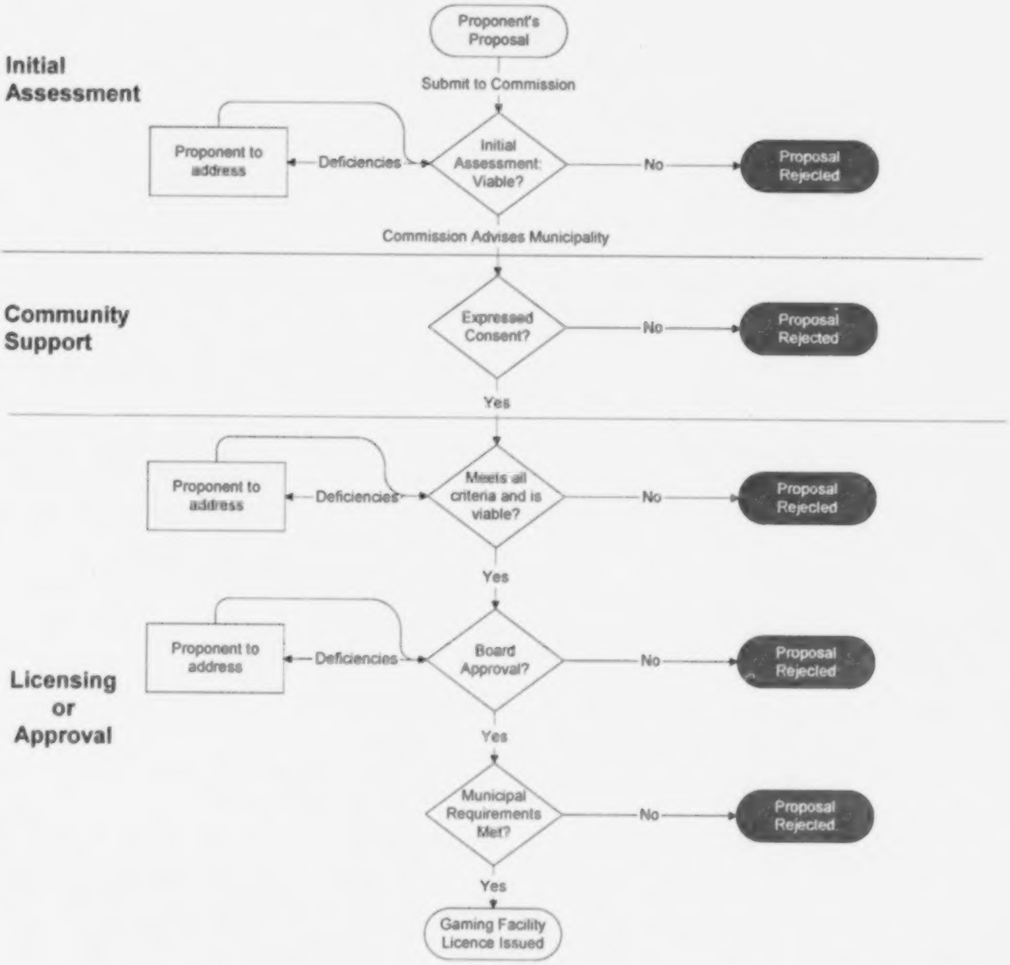
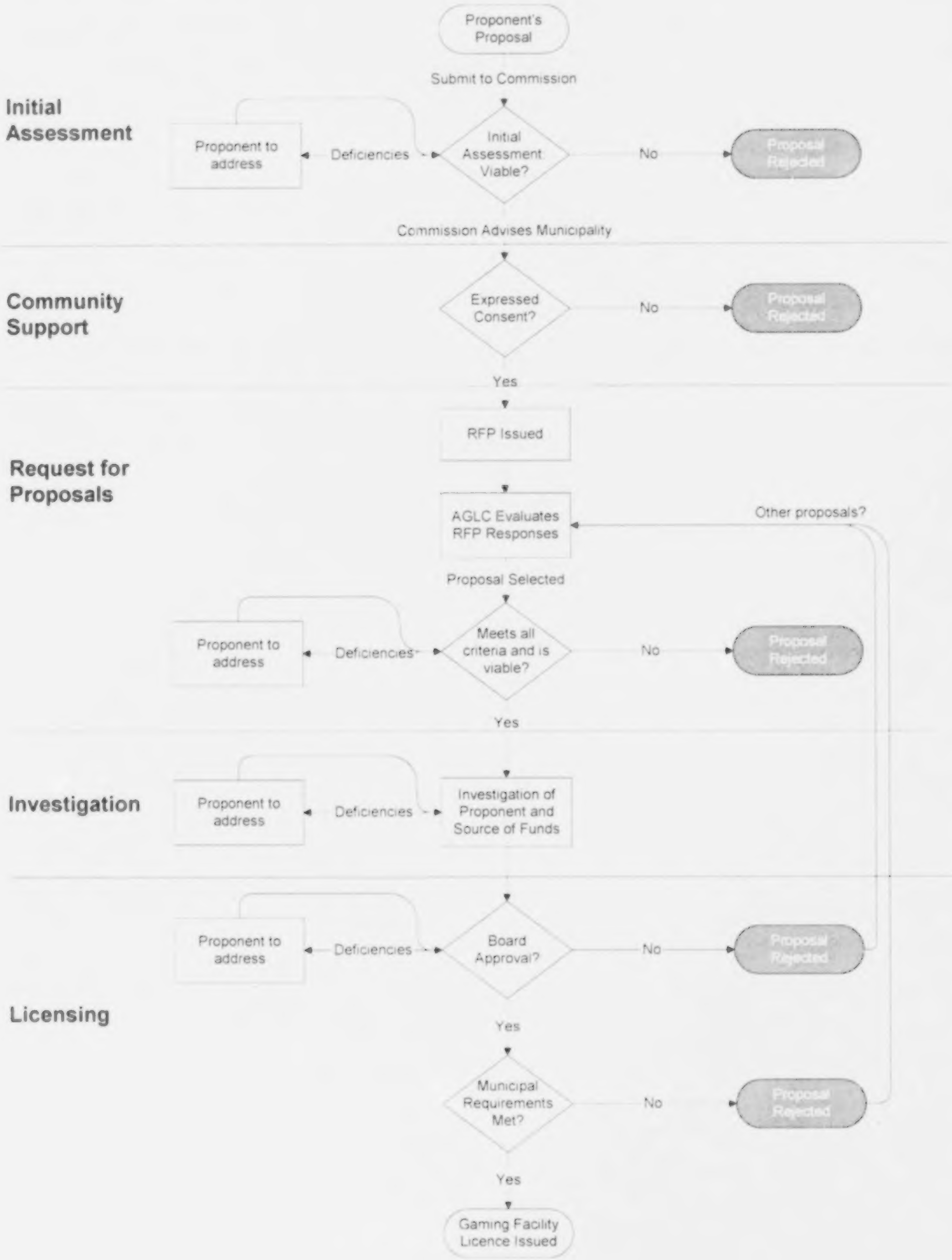


Figure 3: Approval Process for Licensed Gaming Facility or REC Expansion or Major Relocation

Initial Assessment
Proponent's Proposal
Submit to Commission
Proponent to address
Deficiencies
Initial Assessment: Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Licensing or Approval
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

Figure 2: Approval Process for New Licensed Gaming Facility


Proponent's Proposal
Submit to Commission
Initial Assessment
Proponent to address
Deficiencies
Initial Assessment Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
Request for Proposals
RFP Issued
AGLC Evaluates RFP Responses
Other proposals?
Proposal Selected
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Investigation
Proponent to address
Deficiencies
Investigation of Proponent and Source of Funds
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

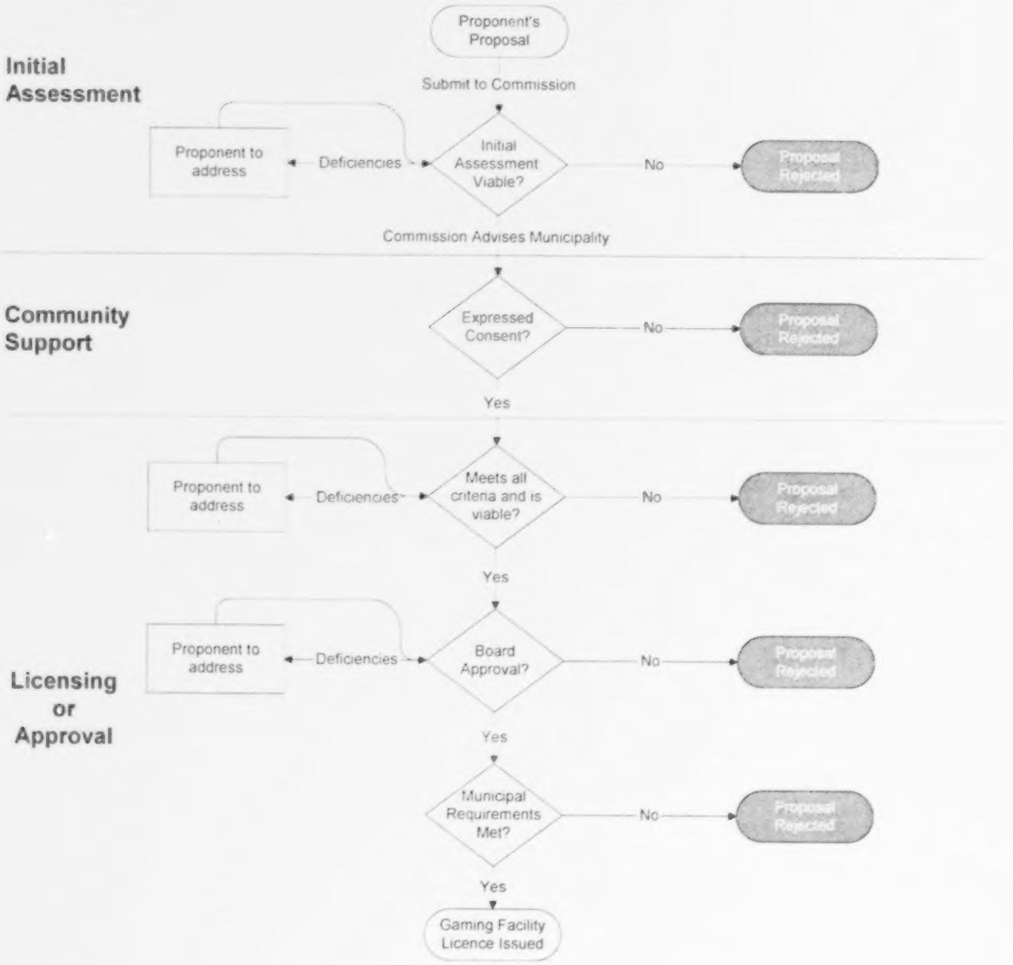
Summary of Recommendation for the Major Relocation or Expansion of an Existing Licensed Gaming Facility or REC

- **If a proposal for a major relocation or expansion of an existing licensed gaming facility or REC has merit based on an initial assessment by the Commission, the expressed consent of the community will be required *before* the Commission will give further consideration to the proposal.**

- **After expressed consent is received, the proposal for relocation or expansion should go through two additional steps before it may be approved, as follows:**
  - **Commission Review, and**
  - **Licensing**

Figure 3 depicts the approval process for the expansion or major relocation of an existing licensed gaming facility or REC. See the recommendations under "Gaming in General" on page 1-31 for further details about this recommendation.

Figure 3: Approval Process for Licensed Gaming Facility or REC Expansion or Major Relocation


Proponent's Proposal
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Submit to Commission
Proponent to address
Deficiencies
Initial Assessment Viable?
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Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing or Approval
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

Video Lottery Terminals

Public and Stakeholders Views

Slightly more than half of Albertans and stakeholders feel the availability of VLTs should remain the same. Just under half of Albertans want less VLT availability. The results of the VLT plebiscites across the province in October 1998 produced similar results—more communities voted to retain VLTs than to remove them—although in some cases by narrow margins.

Background

Most of the key VLT policies in effect today were in response to the Lotteries Review Committee's recommendations that were issued in August 1995.

For example, government accepted a recommendation to limit the maximum number of VLTs operating in the province to 6,000. That limit has been in effect since 1995.

The government accepted another recommendation, to allow only one licensed premises (bar or lounge) in a single facility to have VLTs. All the facilities that had more than one licensed premises with VLTs in 1995 were grandfathered, and given five years to comply with the policy, that is, until December 31, 2000. The full implementation of the policy was deferred pending the outcome of the Gaming Licensing Policy Review.

Summary of Recommendations

- **Maintain the current maximum number of VLTs in the province at 6,000.**
- **Reduce the number of bars and lounges with VLTs by 10 to 15% over the next three years through a number of strategies. The strategies include:**
    - **consolidating more VLTs in fewer bars and lounges throughout the province through performance monitoring, and**
    - **establishing "dedicated VLT gaming venues" with higher facility standards (to supplement the range of hospitality and tourism services available through these two industries).**
- **Any single facility in the province that currently has more than one bar or lounge with VLTs will have until December 31, 2002, to establish a dedicated VLT gaming venue in the facility. Otherwise, VLTs will be removed from all but one bar or lounge in the facility under the same time limitation.**

The specific recommendations and further explanation appear under the section "Video Lotteries" on page 1-51.

Association Bingo and Pull Ticket Sales - Greater Opportunities to Compete

Public and Stakeholder Views

Albertans generally view bingo and pull tickets as relatively harmless entertainments. Most would like to see the availability of both gaming activities remain the same. During the Lotteries and Gaming Summit '98, participants also felt that all gaming activities should be restricted to those of legal age.

Charities involved with the bingo industry have asked for a level playing field, so they can compete with other gaming activities, in particular casino gaming and nickel slot machines. They have requested electronic bingo and keno, both of which complement paper bingo, and more flexibility in the bingo games they may offer to players.

Charities involved with pull ticket sales have asked for additional opportunities. For example, the sale of pull tickets through mall kiosks and the use of pull ticket vending machines to more efficiently sell pull tickets to their customers.

Background

Over the past seven years bingo revenues have generally been in decline. When Satellite Bingo was introduced in 1996, revenues increased for two years. Since then they have begun to decline once more. A bingo industry review arrived at a number of recommendations to address a range of issues in bingo, including its viability. Two of the recommendations were related to the introduction of electronic bingo and keno to association bingo, but were deferred pending a review of the financial benefits and costs.

Pull ticket sales have experienced the sharpest decline in sales among all gaming activities. The charities, mainly service groups such as branches of the Legion, sell the pull tickets from the locations where they provide their services to the community. Due to declining sales, they have asked to be considered for other gaming devices, including VLTs, to help increase revenues. A few charities have been permitted to sell pull tickets from their information kiosks in shopping malls.

Summary of Recommendations

- **Give charities involved with association bingo and the sale of pull tickets new options to compete in the gaming industry and allow them to introduce more efficient ways of delivering their gaming activities to consumers.**
    - **Allow bingo associations to introduce into their halls both hand-held electronic bingo, which is regular bingo played through a computer, and rapid keno.**
    - **Allow bingo associations the opportunity to evolve toward a charitable model similar to that of the province's charitable casinos. That is, allow bingo associations:**
        - **the option to hire more paid staff to deliver gaming activities while continuing to require volunteers to fill key financial positions, and**

  - **the option to have a private operator directly involved in delivering bingo to customers, to encourage higher facility and service standards; volunteers would be required to fill key financial positions.**

- **Prohibit minors from playing any bingo games in association bingo halls, which are commercial-style facilities dedicated to gaming. Minors should however continue to be allowed to serve as volunteers at the bingo events.**

- **Restrict access in bingo associations that introduce any electronic gaming, such as hand-held electronic bingo or rapid keno, to those of legal age (volunteers and players).**

- **Permit eligible charities to sell pull tickets from mall kiosks and, if viable, through the use of pull ticket vending machines.**

For further details about these recommendations related to bingo and pull ticket sales, refer to the recommendations under "Bingo" on page 1-39 and "Pull Tickets" on page 1-44.

Eligibility for Charitable Gaming Licences (Bingo, Casinos, Raffles and Pull Ticket Sales)

Public and Stakeholder Views

A number of stakeholders perceive that groups continue to receive charitable gaming licences even though they have outlived their purpose. Others feel some charities earn more from licensed charitable gaming than they need, while other groups which may benefit more members of the community, receive fewer opportunities to raise proceeds from gaming activities.

Background

There are two key requirements an organization must meet to obtain a charitable gaming licence. The first requirement is the organization must be a charity, as defined by the Commission for purposes of gaming. The second requirement is the proposed use of the gaming proceeds must be for allowable charitable or religious purposes, also as defined by the Commission. The Commission applies the provisions of the *Criminal Code* and refers to the common law in arriving at its definitions for both requirements.

Summary of Recommendations

- **More clearly and precisely define the eligibility rules for charitable gaming licences, both as to what constitutes a charity and the specific allowable uses for proceeds.**

- **Eligible charities should be given the option to obtain a one or two day casino event licence at a licensed casino facility.**

- **Require that proceeds from casino table games be pooled by city and divided accordingly** (to create a fairer distribution of revenue to charities that hold casino events in a city with two or more casinos).

For further detail and explanation about these recommendations, refer to the recommendations under "Gaming in General" on page 1-33 regarding eligibility rules and under "Casino Gaming (Table Games)" on page 1-42 regarding the casino recommendations.

Social Responsibility

Public and Stakeholder Views

The public expects the government to control and manage gaming activities in a socially responsible manner. This view was clearly stated at the Lotteries and Gaming Summit '98. Moreover, Albertans surveyed during the Gaming Licensing Policy Review generally feel problem gambling has increased over the past year, but also believe it is the responsibility of each individual to control their own gambling. The public expects the appropriate measures are being taken to address problem gambling.

Stakeholders generally recognize the need to deliver gaming activities in a socially-responsible manner. A number felt it is important to better communicate what the Commission and industry stakeholders are doing to address problem gambling.

Background

Albertans expect gaming activities to be delivered in a socially responsible manner. A number of the recommendations reflect this expectation. Through gaming regulations and policy, the Commission not only preserves the integrity of gaming activities, but also ensures social responsibility requirements are being met.

The Commission has worked closely with the Alberta Alcohol and Drug Abuse Commission (AADAC) to introduce measures or programs to address problem gambling. Among them, all gaming facilities or venues are required to post information about AADAC's problem gambling treatment and counselling services. Problem gambling awareness training has been provided to staff of casinos and VLT retailers. The Casino Voluntary Self-Exclusion Program was recently launched.

Social responsibility was considered throughout the development of recommendations. For example, recommendations include reducing the accessibility of VLTs and giving communities a more prominent role in the approval process for proposed new, relocated or expanded licensed gaming facilities.

Other recommendations in the area of social responsibility are made that affect a number or all gaming activities. They include the following.

Summary of Recommendations

- **Require that problem gambling awareness training be compulsory for all staff of licensed gaming facilities (charitable casino facilities and bingo association halls), dedicated gaming venues (such as racing entertainment centres and the recommended dedicated VLT gaming venues) and VLT retailers.**

- **Use new or existing gaming technology in a manner that supports socially-responsible gambling behaviour within all gaming venues. This would include incorporating proven responsible gaming features in electronic gaming devices such as VLTs and slot machines.**

- **The government must commit to ongoing funding of problem gambling initiatives.**

For further details refer to the recommendations under "Gaming in General" on page 1-28.

RECOMMENDATIONS

HOW THE RECOMMENDATIONS ARE STRUCTURED

The recommendations are divided into three parts, as follows:

- "General" - Recommendations related to a number or all gaming activities in the province as well as new games.

- "Charitable Gaming Activities"- Recommendations for each specific type of charitable gaming activity (bingo, casino gaming, pull tickets and raffles).

- "Provincial Lotteries" - Recommendations for each specific provincial lottery activity (slot machines, ticket lotteries, and video lotteries or VLTs) and for the use of the Internet for gaming

GENERAL

Recommendations related to a number or all gaming activities in the province as well as new games.

GAMING IN GENERAL

This section refers to policies that apply to a number or all gaming activities.

For example, some recommendations address issues related to growth across all gaming activities, both charitable gaming activities and provincial lotteries. They include recommendations related to:

- guiding principles for gaming;
- public interest, social responsibility;
- division of revenue;
- market research; and
- consultation and communications.

This section includes recommendations addressing the expansion of licensed gaming facilities.

Recommendations for each specific gaming activity (bingo, casino gaming, slot machines, etc.) are provided in the sections that follow this one.

Background to the Recommendations

Gaming has evolved in Canada from "…an activity socially tolerated only within narrow restraints to a broadly accepted leisure-time activity" (The Canadian Encyclopedia). Moreover, gaming has experienced dramatic changes throughout the world in the past 10 years. This coincides with the introduction of new technologies, which have permeated all aspects of life and commerce.

In Alberta, there continues to be strong demand by charitable gaming stakeholders to introduce or use electronic gaming technologies in their gaming activities. That includes hand-held electronic bingo (regular paper bingo played through a computer device) and the introduction of new types of electronic games such as rapid keno. The demand has been influenced largely by the belief that new technologies are the wave of the future, as shown by the demand for them by players. In this regard, bingo associations are requesting that proposed new provincial lotteries (hand-held electronic bingo and rapid keno) be introduced to their facilities alongside traditional paper bingo.

Under provisions of the *Criminal Code*, electronic gaming devices must be conducted and managed by the provincial government. The provincial government must also be the primary beneficiary of electronic gaming profits. In Alberta, electronic gaming revenue must be placed in the Alberta Lottery Fund.

Changing Trends in Gaming

The charitable demand and market preferences for charitable gaming activities and provincial lotteries, measured by the comparative revenues and proceeds generated by them, has changed over the past 30 years.

For example, in the 1970s, pull or break-open tickets and casinos generated most of the revenue among charitable gaming activities. In the mid 1980s, when commercial-style bingo (association bingo) became more popular, bingo generated more revenue than any other charitable gaming activity. Soon after they were introduced in the early 1990s, VLT revenue surpassed that of ticket lotteries and other gaming activities.

In the mid 1990s, casinos began to generate more proceeds than bingo as slot machines were introduced into casinos. Slot revenues also quickly surpassed that of ticket lotteries. Sales from bingo, pull tickets, ticket lotteries, and raffles have all experienced declines.[1] These gaming activities, as with any mature products or services in the marketplace, have their own life cycles based in part on their customer base, the force of changing demographics, and the introduction of new competing gaming activities and technologies.

Benefits and Costs of Gaming Activities

During the past three decades, the proceeds from charitable gaming and provincial lotteries have helped support many thousands of charitable, not-for-profit, public and community-based initiatives throughout the province. They have made significant contributions to the standard of living in the province.

Charitable gaming proceeds are earned directly by eligible charities for use in approved charitable or religious purposes.

Proceeds from provincial lotteries (slot machines, ticket lotteries and VLTs) are placed in the Alberta Lottery Fund. Disbursements from the Alberta Lottery Fund are authorized annually by the provincial legislature and administered by the Commission.

There also has been growing awareness of the potential and real problems associated with gaming. As research has become more available within the last seven years, greater attention has been paid to creating awareness among players of the potential negative affect of gaming on their lives.

The need for more and better research was identified at the Lotteries and Gaming Summit '98. In the summit report it was recommended: "… the provincial government dedicate more resources to gaming research in areas like the prevention and treatment of problem gambling, the social impacts of lotteries and gaming, native gaming issues, and emergent gaming activities."

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[1] Since then, raffle ticket sales have rebounded, particularly with the introduction of large-scale raffles that offer total prize packages worth millions of dollars.

The government accepted the recommendation and in response established the Alberta Gaming Research Institute on November 26, 1999. The institute, funded by the Alberta Lottery Fund, is a consortium comprising the University of Alberta, the University of Calgary and the University of Lethbridge.

Guiding Principles and General Directions

A number of guiding principles have been adopted by the Commission which apply to all gaming activities, both charitable gaming activities and provincial lotteries. They are identified in the first recommendation of this section. Those guiding principles are dispersed in various documents. These documents include the business plans and annual reports of the Commission and the Ministry of Gaming, and the annual *Charitable Gaming in Alberta* review document of the Commission.

General policies have also been adopted by the Commission which apply exclusively to charitable gaming activities (bingo, casinos, pull tickets and raffles). They include the following:

- The province is committed to maintaining the charitable gaming model, which allows qualified charitable groups to conduct and manage bingos, casinos, raffles and pull tickets.
- The financial return to charities from gaming activities will be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs or activities are undertaken.
- There should be fair and equitable access to charitable gaming licences by qualified groups.

The general policies that apply to provincial lotteries (ticket lotteries, slot machines, and VLTs) are the following:

- All proceeds from provincial lotteries are placed in the Alberta Lottery Fund and used to support specific charitable, not-for-profit, public and community-based initiatives and projects.
- There will be full public disclosure of all activities related to the Alberta Lottery Fund.
- The Commission will be a responsible steward of the assets entrusted to it on behalf of the provincial government. That is, the assets must be maintained effectively and efficiently, and return the greatest possible benefit for Albertans.

Primary Issues

The Commission is obliged to address the requests it receives for the growth or expansion of licensed gaming facilities. Such requests are submitted by charitable organizations, First Nations, private service providers, and by those who wish to become involved in the gaming industry in the province.

What considerations should be made to address issues related to the growth in gaming activities while ensuring the effective and socially-responsible management and control of gaming activities?

A key consideration is the majority of Albertans, when asked about specific gaming activities, generally feel the availability of gaming activities should remain the same. A smaller number have indicated the level should increase, while others feel that there should be less availability.

Albertans also expect the government to control the growth of gaming activities, ensure the integrity of gaming activities, and manage gaming activities in a socially-responsible manner.

The majority of Albertans support the use of proceeds from gaming activities for charitable, not-for-profit, public and community-based initiatives throughout the province. However, most Albertans indicated they were unaware of the use of Alberta Lottery Fund proceeds and felt more should be done to increase awareness.

Players are key stakeholders who support charitable activities by participating in gaming activities. Those who choose to engage in gaming activities in the province have indicated their preference for safe, clean and modern gaming environments.

The Commission has adopted a guiding principle that gaming will be a quality entertainment experience for players, aimed at maintaining the integrity of gaming activities and helping to keep gaming dollars in the province.

Recommendations

GAMING IN GENERAL - GUIDING PRINCIPLES

GENERAL RECOMMENDATION - 1

- **Formally adopt a consolidated set of Guiding Principles for Gaming in Alberta** (based on the draft guiding principles that were developed and adopted by the Commission in response to a recommendation of the Lotteries and Gaming Summit '98).

The recommended Guiding Principles for Gaming in Alberta are listed below:

1. **The integrity of gaming will be ensured.**
2. **Gaming policies will reflect a commitment to social responsibility.**
3. **The financial return to eligible groups from charitable gaming is to be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs are undertaken.**
4. **Gaming policies will be supported by sound research and consultation with the public and stakeholders.**
5. **The collection and use of gaming revenue will be open and accountable.**
6. **Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.**

7. **The guiding principles for gaming will be subject to review, to ensure they reflect Albertans' wishes.**

GENERAL RECOMMENDATION - 2

- **Develop and implement a communications strategy to inform the public and stakeholders of the guiding principles by which gaming activities are administered and regulated.**

GAMING IN GENERAL - SOCIAL RESPONSIBILITY

The following recommendations apply generally to the delivery of gaming activities. Refer to recommendations for specific gaming activities that also directly or indirectly address matters or issues of social responsibility.

GENERAL RECOMMENDATION - 3

- **Require that problem gambling awareness training – developed and delivered by AADAC or other qualified organizations in cooperation with the Commission – be compulsory for staff of licensed gaming facilities, dedicated gaming venues, and VLT retailers.**

GENERAL RECOMMENDATION - 4

- **The government must commit to the ongoing funding of problem gambling initiatives.**

GENERAL RECOMMENDATION - 5

- **Use new or existing technology in a manner that supports socially-responsible gaming behaviour within gaming venues** (includes incorporating proven responsible gaming features in electronic gaming devices such as VLTs and slot machines).

GAMING IN GENERAL - PUBLIC INTEREST

GENERAL RECOMMENDATION - 6

- **Develop and implement a communications strategy to increase awareness of the use of Alberta Lottery Fund proceeds.**

GAMING IN GENERAL - EXPANSION OF LICENSED GAMING FACILITIES

GENERAL RECOMMENDATION - 7

- **Approvals for a new licensed gaming facility** (charitable casino facility, licensed bingo facility and, in the future, racing entertainment centre) **will involve five major steps, as follows:**

Step One - Initial Assessment
The Commission will initially assess a proponent's proposal for a new licensed gaming facility to ensure it meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the Commission will advise the municipality, or band council in the case of a proposed on-reserve casino, about the proposed facility and the Commission's review/approval process for new licensed gaming facilities.

Step Two - Community Support
Community support, through expressed consent, is required to initiate the next step in the approval process. Expressed consent would be a resolution of municipal council in support of the new facility or, in the case of a proposed on-reserve casino, a band council resolution in support of the facility.

Step Three - Request for Proposals (RFP)
To obtain the best possible proposal, the Commission will issue a request for proposals (RFP) for a new licensed gaming facility in a community if the requirements of the previous two steps are met. The RFP will be based on transparent, specific and stringent standards and criteria. (Proposals for First Nations' on-reserve casinos would be exempt from the RFP process as the decision for the development of reserve land rests with the First Nation and the First Nation, in effect, is the proponent for an on-reserve casino.)

Step Four - Investigation
The Commission will conduct an investigation into the proponents and other key persons associated with the best proposal. The investigation is to ensure criminal interests, or those who would be a detriment to the integrity or lawful conduct of gaming, do not become involved with gaming in the province.

Step Five - Licensing
The Board of the Commission will review the proposal and results of the investigation following from Step Four. If all the requirements for a gaming facility are met, including legislative, regulatory, policy and municipal requirements, then a facility licence will be issued to the successful applicant with the Board's approval.

Figure 2: Approval Process for New Licensed Gaming Facility

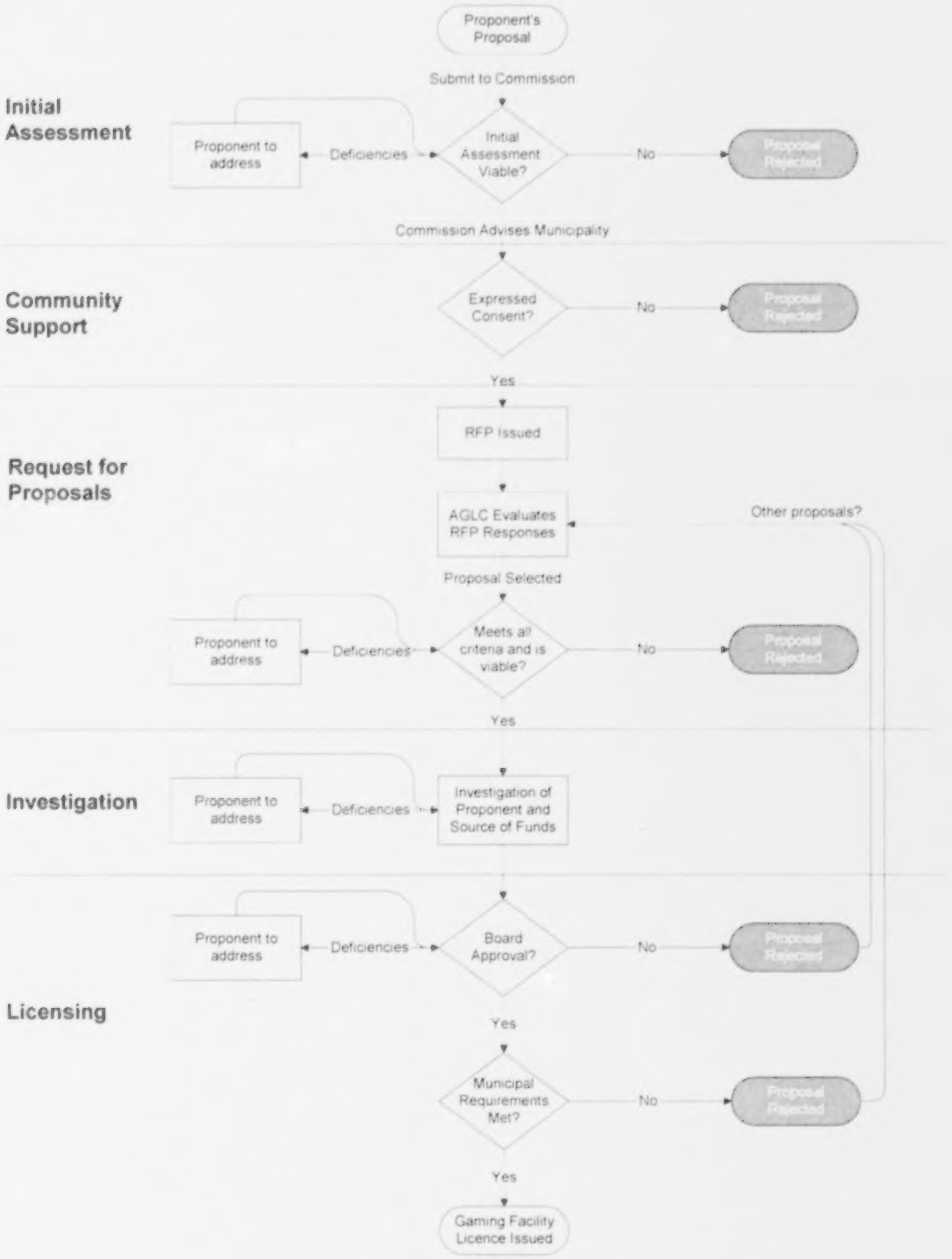
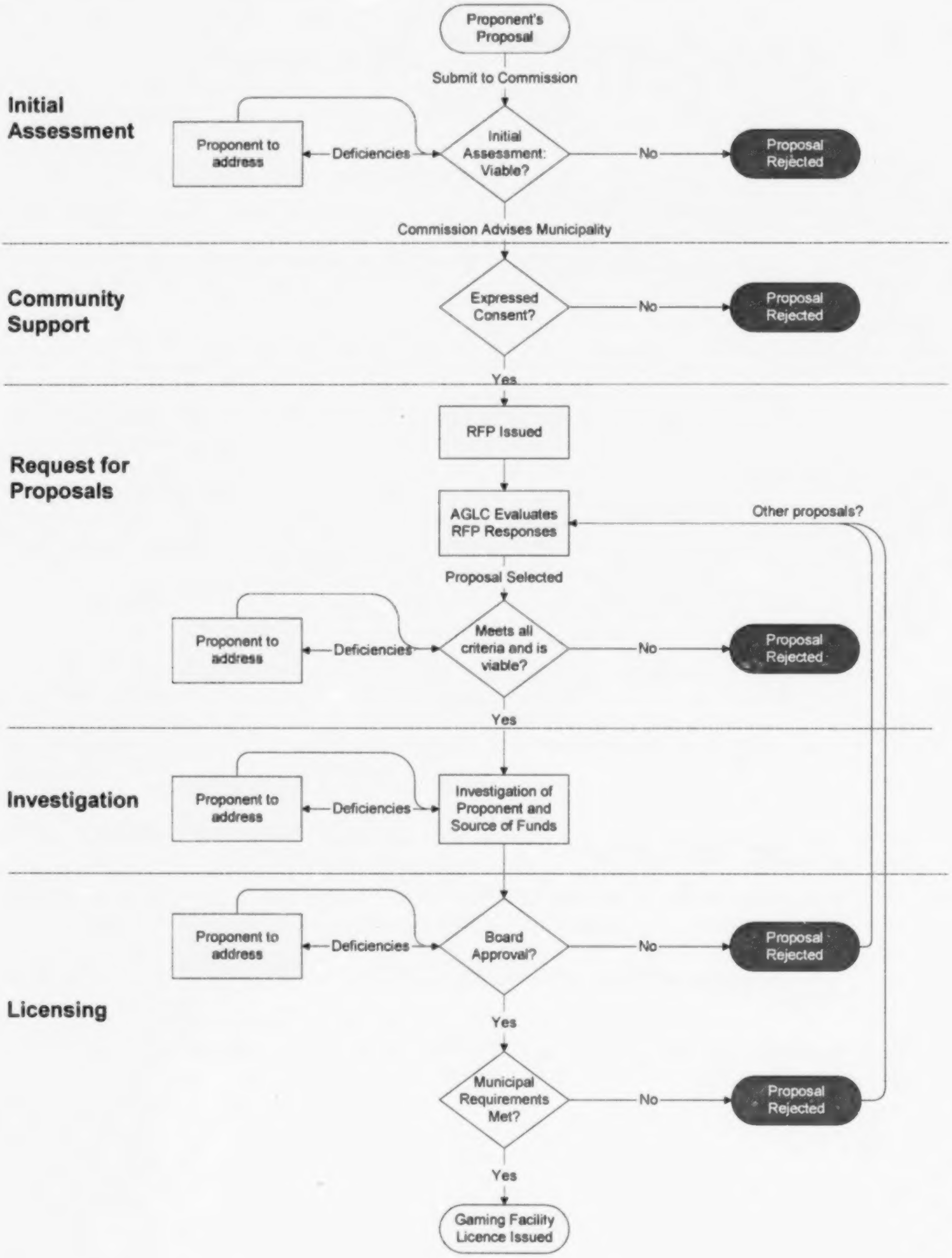

Initial Assessment
Community Support
Request for Proposals
Investigation
Licensing
Proponent's Proposal
Submit to Commission
Initial Assessment Viable?
Deficiencies
Proponent to address
No
Proposal Rejected
Commission Advises Municipality
Expressed Consent?
No
Proposal Rejected
Yes
RFP Issued
AGLC Evaluates RFP Responses
Other proposals?
Proposal Selected
Meets all criteria and is viable?
Deficiencies
Proponent to address
No
Proposal Rejected
Yes
Investigation of Proponent and Source of Funds
Deficiencies
Proponent to address
Board Approval?
Deficiencies
Proponent to address
No
Proposal Rejected
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

Figure 2: Approval Process for New Licensed Gaming Facility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Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

GENERAL RECOMMENDATION - 8

- **The approval process of the expansion or major relocation of an existing licensed gaming facility in a community will be subject to the following three major steps:**

  Step One – Initial Assessment

  - **The Commission will initially assess the proposal of an existing facility licensee or REC operator for major relocation or expansion of an existing casino, association bingo hall or racing entertainment centre.** (Major relocation means relocation of an existing facility for purposes of capturing a new or different player base or market. It does not refer to the relocation of a licensed gaming facility in close proximity to the existing location for purpose of attracting essentially the same player base or serving the same market area. Expansion means a physical expansion of an existing gaming facility.) **The assessment is to determine whether the major relocation or expansion meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the Commission will advise the local municipality or band council, as the case may be, about the proposed major relocation or expansion and the Commission's review/approval process related to it.**

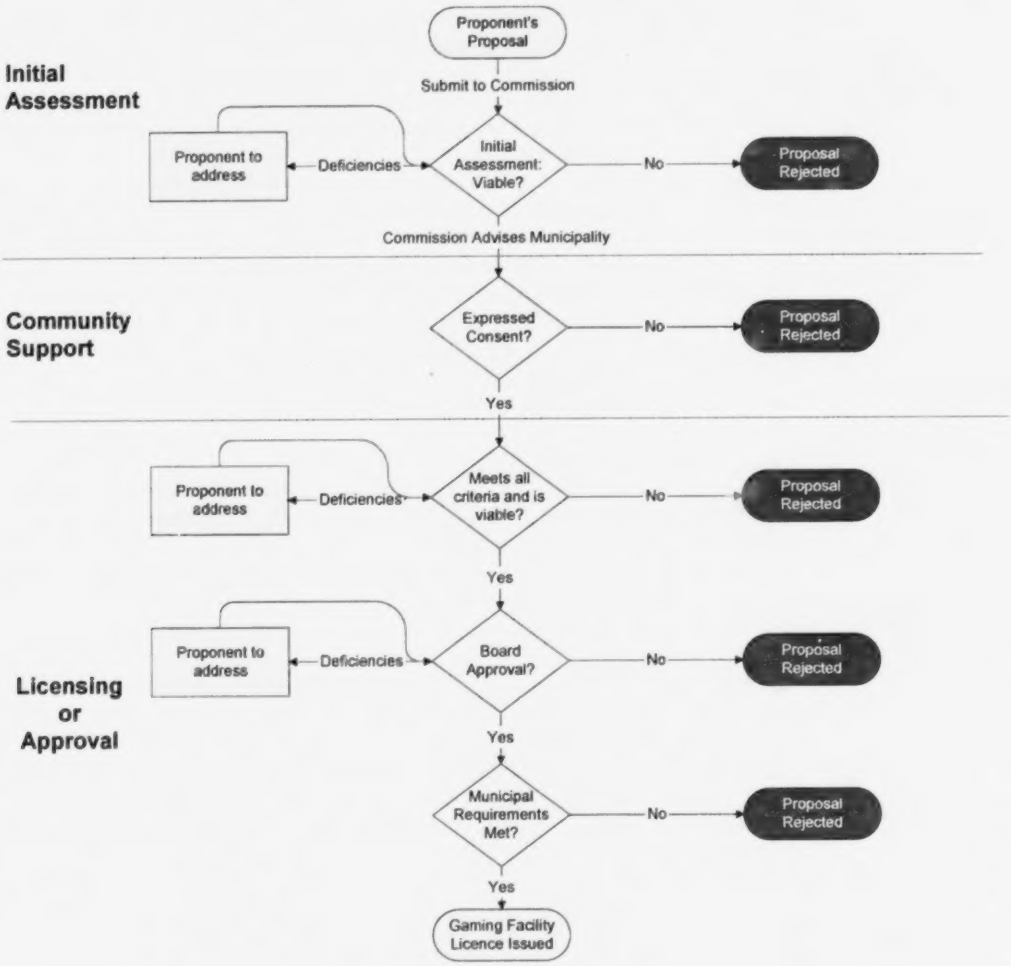
  Step Two - Community Support

  - **Community support, provided through expressed consent, is required to initiate the next step in the approval process. Expressed consent would be a resolution of municipal council in support of the major relocation or expansion or, in the case of an on-reserve casino, a band council resolution in support of the major relocation or expansion.**

  Step Three - Licensing or Approval

  - **The Board of the Commission will review the expansion or major relocation proposal for the existing facility. The Board will approve the expansion or major relocation if the facility licensee has met all the requirements, including legislative, policy, regulatory and municipal requirements. In the case of an approved major relocation, a new gaming facility licence will be issued to the proponent (existing facility licensee).**

Figure 3: Approval Process for Licensed Gaming Facility Expansion or Major Relocation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Proposal Rejected
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Meets all criteria and is viable?
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Proposal Rejected
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Proponent to address
Deficiencies
Board Approval?
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Proposal Rejected
Licensing or Approval
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

GAMING IN GENERAL - ELIGIBILITY FOR CHARITABLE GAMING LICENCES

GENERAL RECOMMENDATION - 9

- **Ensure the policies that define what a charity is for purposes of charitable gaming in Alberta are clear and precise (within the parameters of the *Criminal Code* and common law).**

GENERAL RECOMMENDATION - 10

- **Ensure the policies regarding allowed and disallowed uses of charitable gaming proceeds are clear and precise (within the parameters of the Criminal Code and common law).**

GENERAL RECOMMENDATION - 11

- **As part of the licence application, require charities to provide a community benefit statement.**

GENERAL RECOMMENDATION - 12

- **Develop and implement a proactive orientation program for the volunteer executive of charitable organizations interested in obtaining a gaming licence** (so they may clearly understand eligibility requirements for gaming licences and the allowed use of proceeds, as well as the obligations of charitable organizations in conducting gaming activities).

GAMING IN GENERAL - DIVISION OF REVENUE

GENERAL RECOMMENDATION - 13

- **Review the expenses of service providers on a regular, ongoing basis as required. The review is to ensure the expenses are fair and reasonable—that they reflect the value of service and space provided—and that ultimately the primary beneficiaries are charitable, non-profit, public and community-based initiatives.**

GAMING IN GENERAL - MARKET RESEARCH

GENERAL RECOMMENDATION - 14

- **Regularly conduct player/public gaming attitude, perception and market research** (as a tool for the effective management of gaming activities in the province).

GAMING IN GENERAL - CONSULTATION AND COMMUNICATIONS

GENERAL RECOMMENDATION - 15

- **Develop a proactive consultation strategy to effectively consult with stakeholders on a regular basis.**

NEW GAMES

Background to the Recommendations

This section refers to the following:

- *New games considered for introduction to the province* - includes gaming activities that possess features or methods of delivery that are deemed to be significantly different from the features or methods of delivery of gaming activities currently available in the province.

- *New games considered for introduction to licensed gaming facilities or other locations where gaming activities are available* – includes gaming activities that are currently available in the province but proposed for introduction to locations or venues where they were unavailable previously (for example, pull tickets sales before they were introduced to association bingo halls).

Specific examples of new games would include:

- An entirely new gaming activity (for example, the dice game 'craps' before it was authorized in casinos in 2000);
- The use of a new technology or medium for an existing gaming activity (for example, electronic bingo consoles, pull ticket vending machines for sale of pull tickets, instant ticket lottery vending machines for sale of instant lottery tickets and the use of the computer to access or deliver gaming activities[1]).

New games do not include minor variations of existing technologies or gaming activities. The following, among others, would *not* be considered new games:

- A new theme for a slot machine, that is, the exterior appearance and complementary slot games provided;
- A new ticket lottery game, for example, new Scratch 'n Win ticket; and
- A new variation of an approved card game to a casino facility, for example, another variation of blackjack.

From time to time the Commission receives proposals for new games from charitable groups, facility operators, and others. Suppliers who wish to bring their products into the province sometimes approach those groups or operators. In turn the charities and operators will approach the Commission to consider authorizing the new games.

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[1] Refer to the section "The Use of the Internet for Gaming" on page 1-52 for a discussion of that topic.

Primary Issues

A well-defined policy and related procedures are required to properly, consistently and effectively manage new gaming activities in the province, particularly if requests for new games become more frequent in the future. A comprehensive analysis is required of proposals for new games to determine how a new gaming activity may complement or impact existing activities, its operating costs, and whether it generates an appropriate return to charities, non-profit and public initiatives.

Generally, Albertans feel the current availability of gaming activities in the province should remain the same. Many feel certain new gaming activities such as hand-held electronic bingo or rapid keno, if they were to be available, belong in venues dedicated to gaming activities, such as licensed casino facilities, licensed bingo facilities, or race tracks.

Some stakeholders support the introduction of new types of gaming activities. Various groups involved in charitable gaming activities, such as association bingo, want to introduce new types of electronic gaming activities to their facilities to compete with those offered in other gaming venues, such as nickel slots in casinos.

Recommendations

NEW GAMES

NEW GAMES RECOMMENDATION - 1

- **The approval process for a new gaming activity should involve four major steps, as follows:**

Step One – Initial Assessment

The proponent of a new gaming activity must provide to the Commission a proposal, including a business plan and other required information (such as the impact of the proposed new game on other existing gaming activities, and benefits to be derived for charitable, non-profit, public or community-based initiatives), **which will allow the Commission to arrive at a sound preliminary assessment related to the viability of the proposed new game. If the new game has merit, the next step will be initiated.**

Step Two - Obtaining Community Views

The Commission will determine the type and extent of public input required regarding the proposed new game. Such input may range from public consultations or the expressed consent of a community to considering community objections. The decision in this regard will be affected, among other considerations, by the proposed new game, including its type, where it would be available, financial benefit/cost, and impact on existing gaming activities.

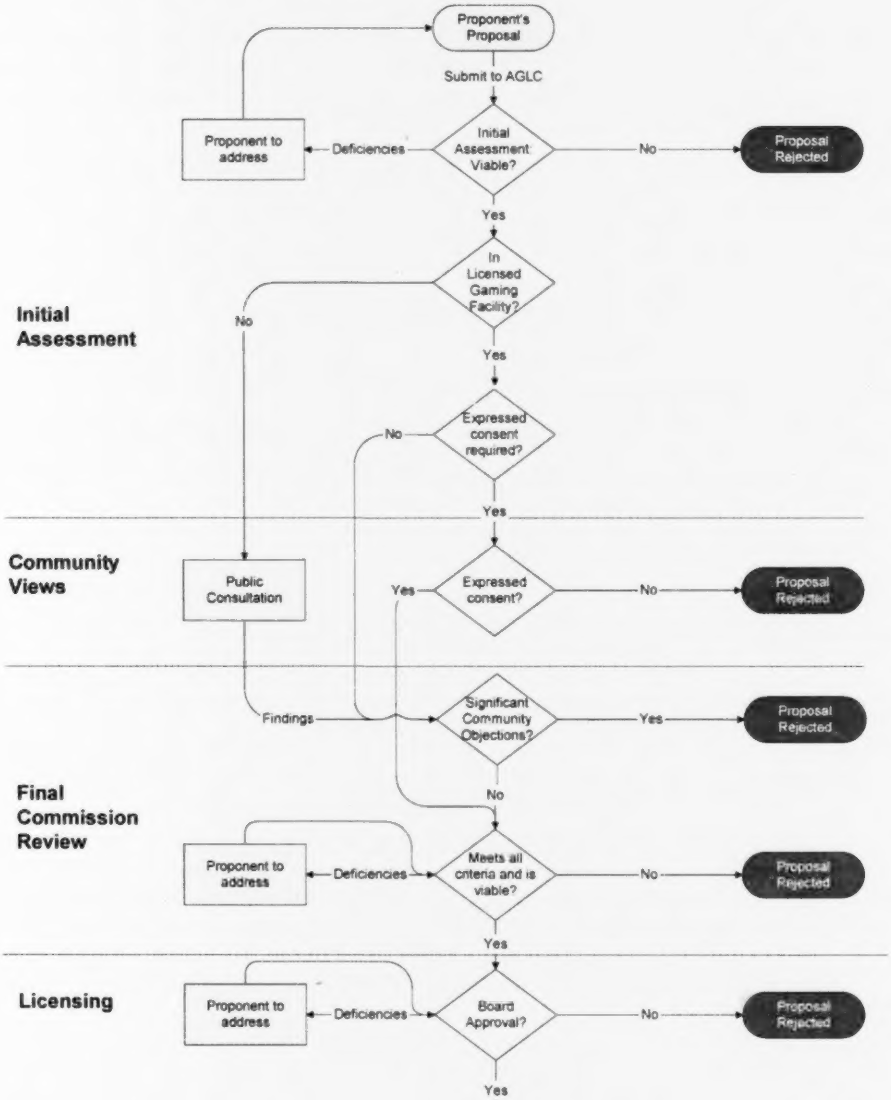
Step Three - Final Commission Review

The Commission will forward the proposal and results of its final review, including results from public input, for review and consideration by the Board of the Commission.

Step Four - Licensing

The Board of the Commission will consider the proposal and results of the Commission's review on their own merits. The new game will be authorized subject to the Board's approval.

Figure 4: Approval Process New Gaming Activities


Proponent's Proposal
Submit to AGLC
Proponent to address
Deficiencies
Initial Assessment Viable?
No
Proposal Rejected
Yes
In Licensed Gaming Facility?
No
Initial Assessment
Yes
Expressed consent required?
No
Yes
Community Views
Public Consultation
Yes
Expressed consent?
No
Proposal Rejected
Findings
Significant Community Objections?
Yes
Proposal Rejected
No
Final Commission Review
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Licensing
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Yes
Activity Approved

NEW GAMES RECOMMENDATION - 2

- **An approved or licensed new gaming activity will be subject to the guiding principles for gaming activities in the province and to terms and conditions that are consistent with those for other gaming activities.**

CHARITABLE GAMING ACTIVITIES

Charitable gaming refers to bingo, casino gaming, pull tickets and raffles (charitable lotteries).

BINGO

Background to the Recommendations

Close to 47,000 bingo events were held in communities across the province in 2000-01. These events generated gross revenues of more than $288 million. Licensed charitable and religious groups earned approximately $51.1 million from bingo.

Bingo is a lottery scheme under the *Criminal Code* of Canada. This federal legislation allows lottery schemes to be conducted and managed by charitable and religious groups under a licence issued by the provincial authority, if the proceeds are used for charitable or religious purposes.

In Alberta, bingo is a regulated form of charitable gaming under the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta). The Board of the Commission has established policies for the conduct and management of bingo by licensed charitable groups. The Commission issues bingo event licences to eligible charitable groups.

In Alberta, bingo is played in two types of halls:

(a) *Association bingo hall* - A licensed facility in which bingo may be held from four to seven days per week. The facility is licensed to an association, comprised of member charitable or religious groups, each of which is eligible for a bingo licence. The association coordinates bingo and, if applicable, pull ticket sales on behalf of its members, and hires staff to assist in operating, delivering and administering bingo events. An association may permit non-member groups to hold bingo in its facility if the group is eligible for a bingo licence from the Commission. There are 59 association bingo halls in the province.

(b) *Non-association or community hall* - A facility in which a charitable organization may hold bingo up to three days per week. Acceptable venues include church halls, community league halls, Legion halls, etc. Occasionally bingo has been licensed in other public places. Generally the bingo event is held by one charitable group from its own hall or rented facility. Approximately 540 licensees operate from their own halls.

About 90% of the revenues from bingo are generated from association bingo halls. The remainder (10%) is generated by community bingo halls.

Primary Bingo Issues

Albertans generally feel the availability of bingo should remain the same. They also view bingo to be a relatively harmless form of entertainment.

Despite the significant revenues generated by the bingo industry, revenues from bingo have decreased by 15% over the past four years. A general view among bingo industry stakeholders is that the industry has been in decline over the past five to 10 years even with the introduction of satellite bingo in 1996. While satellite bingo has boosted bingo revenues in the short term, it does not appear to have drawn more players to regular bingo games.

Bingo industry stakeholders have argued the playing field is not level for them, and feel the Commission's gaming policies should allow them to compete with other gaming activities, in particular those offered by casinos. For example, bingo association stakeholders have asked that electronic bingo, rapid keno and bingo slot machines be introduced to their facilities to compete with other electronic games, including nickel slot games in casinos.

To compete with casinos and to operate on a level playing field, as the bingo industry is requesting, it is being recommended the association bingo model should evolve more closely to the successful model for charitable casino gaming. Among other considerations, bingo associations should have the opportunity to hire more paid staff and involve private operators in the delivery of bingo while providing volunteers for key financial positions. How the bingo associations may respond to this or other opportunities recommended here would be left up to each association to decide. Some of the recommendations also apply in the same manner to community bingo.

Recommendations

BINGO - GENERAL PRINCIPLES

BINGO RECOMMENDATION - 1

- **Give bingo licensees the flexibility to develop unique, competitive bingo programs subject to the guiding principles for gaming and the requirement that charities obtain a guaranteed minimum return from bingo events.**

BINGO RECOMMENDATION - 2

- **Allow hand-held electronic bingo and rapid keno to be introduced as provincial lotteries to licensed bingo facilities as a way to generate additional proceeds for charities.**

BINGO RECOMMENDATION - 3

- **Allow licensed bingo facilities to introduce other electronic bingo gaming devices that offer bingo-theme games provided the devices are used to participate in the live bingo events. The introduction of these devices is subject to the new gaming activity approval process as recommended** (see New Games Recommendation – 1).

BINGO RECOMMENDATION - 4

- **Require a licensed bingo facility that offers electronic gaming devices with a bingo theme, other than hand-held electronic bingo and rapid keno, to meet specific, higher facility standards.**

BINGO RECOMMENDATION - 5

- **All eligible charities must be given equitable, fair access to bingo events (and the resulting proceeds) in a licensed bingo facility that offers an electronic gaming device that provides both electronic bingo and other bingo-theme games.** (This is to ensure that the proceeds from this provincial lottery are widely available to eligible groups).

BINGO RECOMMENDATION - 6

- **Allow bingo facility licensees the option of hiring additional staff to deliver a consistent level of service to bingo players. The licensed charities must continue to fill key (financial) positions in bingo and meet guaranteed minimum returns from bingo events as recommended** (see Bingo Recommendation –1).

BINGO RECOMMENDATION - 7

- **Allow bingo facility licensees the option of having a private operator become directly involved in delivering bingo to players, to encourage higher facility and service standards.**

BINGO RECOMMENDATION - 8

- **Different bingo facility licensees operating in the same region or market area are strongly encouraged to amalgamate operations in order to make better use of existing facilities, reduce expenses, and generate higher returns from bingo events.**

BINGO RECOMMENDATION - 9

- **Allow licensed bingo facilities that are age-controlled the option of obtaining a liquor licence** (consistent with the requirement for charitable casinos and other dedicated gaming venues).

BINGO - PUBLIC INTEREST, SOCIAL RESPONSIBILITY

BINGO RECOMMENDATION - 10

- **Prohibit minors, other than volunteers of a charity, from entering a licensed bingo facility.**

BINGO RECOMMENDATION - 11

- **Require that both players and volunteers be of legal age in licensed bingo facilities that introduce electronic gaming devices** (see Bingo recommendations 2 and 3).

BINGO - FINANCIAL CONTROLS AND SECURITY

BINGO RECOMMENDATION - 12

- **Test specific paid bingo staff for knowledge of bingo policy and procedures and establish minimum test score standards for registration as a gaming worker in Alberta.**

BINGO RECOMMENDATION - 13

- **Standardize and automate bingo financial reporting systems in association bingo through the use of an approved point of sale (POS) system.**

CASINO GAMING (Table Games)

Background to the Recommendations

Close to 2,700 casino event licences were issued to eligible charitable groups in 2000-01. Casino table games generated gross revenues of approximately $610 million, and returned $499 million in prizes to players. Charities received $34.3 million from casino gaming. Charitable groups that held casino events received an additional $52.4 million in commissions from slot machines.

Charities paid $77 million in expenses to casino facility operators, casino advisors, trustees, and others for their services related to table games.

Casino gaming (table games) are governed by the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta), and the *Gaming and Liquor Regulation* (Alberta). The Board of the Commission establishes policies related to the conduct and management of casino events.

In Alberta, casino gaming typically includes both table games (a charitable gaming activity) and slot machines (a provincial lottery) and is held in a facility licensed by the Commission.

In Alberta, charitable groups conduct and manage table games at casino events under a casino event licence issued to them by the Commission. The casino event licence authorizes an eligible charitable group to hold a casino event at a permanent, licensed casino facility or during a special occasion event, such as a major exhibition. The licensed organization is required to provide volunteers for various key positions during the casino event and to use the proceeds it earns for approved charitable or religious purposes. Charities receive a commission from slot machines: these proceeds are pooled by city and divided equally among the charities who held casino events.

The charitable model for casino gaming in Alberta is distinct from the casino model of a number of other provinces, in which casino gaming is conducted and managed by government through a crown agency and net revenues are allocated at the discretion of the government.

The casino facility may only operate under a casino event licence issued by the Commission to an eligible charitable or religious organization. Charitable volunteers have no direct role or involvement in the operation of slot machines during the casino event.

First Nations Gaming Policy

On January 19, 2001, the government approved a First Nations gaming policy that allows for on-reserve casinos to operate under the province's charitable gaming model for casinos. Under the policy, on-reserve casinos will be required to follow the terms and conditions established for all other charitable casinos in the province.

Primary Issues

The First Nations gaming policy must be taken into account when any consideration is given to the expansion of casino gaming or facilities in the province.

Stakeholders feel strongly that all casino gaming be conducted and managed within the province's charitable gaming model and the rules for casino gaming must be consistently applied among all casinos in the province.

Another issue regarding casinos results from their popularity as a fundraiser for charitable groups. The return to charities from each two-day casino event held in a licensed casino facility has increased dramatically since 1997. In the last quarter of 2000-01, the average proceeds earned per charity for a two-day event in Edmonton casinos, including commissions from slot machines, ranged from $38,000 to $55,000, and in the Calgary casinos from $21,000 to $60,000. Charities in other regional casinos earned proceeds that ranged from $2,800 to $19,800.

In addition, the demand by charities for casino event licences continues to grow. As a result of the demand, charities must wait for at least 12 months to hold a casino event in a permanent casino facility after being approved for a casino event licence. The wait time for casinos in the larger centres is longer, with the longest waiting period being approximately 29 months.

Recommendations

CASINO - ELIGIBILITY, USE OF PROCEEDS

CASINO RECOMMENDATION - 1

- **Give eligible charities the option of receiving a one or two day casino event licence** (corresponding to the financial requirements of each charitable group; wait times for eligible groups may be reduced).

CASINO - ENFORCEMENT, SECURITY, FINANCIAL CONTROLS

CASINO RECOMMENDATION - 2

- **Enhance the internal operating standards and controls for casinos to ensure the continued smooth operation of casino facilities in the province.**

CASINO RECOMMENDATION - 3

- **Require the casino advisors hired by charities to help conduct casino events be independent and not hired from or be affiliated with casino facility operators.**

CASINO RECOMMENDATION - 4

- **Establish a closer working relationship with police services in addressing gaming-related crime and provide resources to address this issue.**

CASINO RECOMMENDATION - 5

- **Review the authority, mandate and jurisdiction of the Commission to enforce gaming legislation in unlicensed premises.**

CASINO - REVENUE DIVISION

CASINO RECOMMENDATION - 6

- **Require that charitable proceeds from casino table games be pooled by city and divided accordingly** (consistent with the pooling of slot revenue (commissions) by city; this creates a fairer distribution of proceeds to charities that hold casino events in a city with two or more casinos).

PULL TICKETS

Background to the Recommendations

The sale of pull tickets generated an estimated $41.4 million in gross revenue in 2000-01. Charities earned an estimated $8.4 million in proceeds from pull tickets, or about 20% of gross revenue or sales. The balance of the revenue was used to cover prizes and expenses.

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols. Players pull or break open the perforated covers to reveal the game outcome. Pull tickets are sometimes referred to as break-open or Nevada tickets.

Pull ticket sales may only be conducted and managed by charitable or religious organizations licensed by the Commission.

Generally, groups that are licensed to sell pull tickets are required to sell them from the fixed premises where their services are provided to the community. Various veteran, fraternal, sport and community associations have been eligible for pull ticket licences because they meet this requirement. The requirement is primarily aimed at ensuring a licensed group strictly control the sale of pull tickets and the security of pull ticket sales is protected.

In addition, while licensed charitable groups holding bingos in community halls have been allowed to sell pull tickets for some time, bingo associations more recently became eligible to sell pull tickets in their bingo halls to raise proceeds for the licensed charities holding bingos at the hall. On a limited basis, the Commission has also permitted certain charities to sell pull tickets from their program kiosks in a few malls throughout Alberta.

Pull ticket sales are governed under provisions of the *Criminal Code* (Canada), the *Alberta Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta). The Board of the Commission establishes policies for the conduct and management of pull ticket sales in the province.

Primary Issues

Pull tickets are generally viewed as a relatively harmless form of entertainment. Consistent with their views about gaming activities in general, Albertans feel the availability of pull tickets is satisfactory, and do not call for more availability of pull tickets in the province. Even so, most Albertans also indicated they are unaware of where pull tickets are available. This may reflect part of a larger issue facing pull ticket sales.

Among charitable gaming activities, pull ticket sales have experienced the greatest decline in player participation rates over the past decade. Charitable groups involved with the sale of pull tickets expect the Commission will assist them to revitalize pull ticket sales. Some charitable groups have asked that pull ticket vending machines be permitted in their venues. Others have been authorized to sell pull tickets from mall kiosks.

Recommendations

PULL TICKETS - AVAILABILITY

PULL TICKETS RECOMMENDATION - 1

- **Permit eligible charities licensed by the Commission to sell pull tickets from mall kiosks located in the same community where their charitable programs are delivered** (as is now permitted on a limited basis).

PULL TICKETS RECOMMENDATION - 2

- **Evaluate the benefits and costs of permitting eligible charities to use pull ticket vending machines for the sale of pull tickets.**

PULL TICKETS RECOMMENDATION - 3

- **If the pull ticket vending machines are determined to be viable, following an evaluation as recommended, determine how the proceeds from them may be divided in a fair and reasonable manner** (as the primary beneficiary of electronic gaming devices must be the Alberta Lottery Fund).

RAFFLES (CHARITABLE LOTTERIES)

Background

Charitable groups were issued 328 raffle licences (for raffles with a total ticket value of more than $10,000) in 2000-01. They earned an estimated $24.8 million in proceeds from them.

Raffles or charitable lotteries are lottery schemes in which prizes are typically awarded based on a random draw of tickets purchased by players. In Alberta, raffles may only be conducted and managed by charitable or religious organizations that are licensed for that purpose by the Commission.

Raffles are governed under provisions of the *Criminal Code* (Canada), the *Alberta Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta). The Board of the Commission establishes policies for the conduct and management of raffles in the province.

Licences for raffles with a total ticket value of more than $10,000 are issued directly by the Commission to charitable groups deemed eligible. Licences for raffles with a lesser total ticket value are, for the convenience of charitable organizations, issued by any of the private registry offices across Alberta to charities that have been registered by the Commission.

Non-profit organizations that do not qualify for a gaming licence as a charity may be eligible to conduct a small raffle under section 201(1)(d) of the *Criminal Code*. In this case, the total ticket value must be $5,000 or less, the ticket price cannot exceed $2, and the retail value of any prize may not exceed $500.

Recommendations

No recommendations were made. The recommendations made earlier under the section "Gaming in General" would apply to all gaming activities, including raffles.

Changes that were implemented to raffle policies in 1998 have effectively ensured the continued integrity of raffles while providing charities the flexibility necessary to compete with other gaming activities.

A few operational issues were identified, and will be addressed through *Raffle Terms and Conditions*. They include the following.

The use of electronic technology should be evaluated to efficiently track the licensing of raffles with a total ticket value of $10,000 or less. This licensing occurs through the private registry offices throughout the province.

Raffle managers should be paid based on the number of tickets sold. The value of the fee or commission paid to a raffle ticket manager should be related directly to raffle ticket sales rather than a raffle's total ticket value, which may be an artificially inflated amount.

PROVINCIAL LOTTERIES

Provincial lotteries refers to slot machines, ticket lotteries and video lotteries or VLTs.

SLOT MACHINES

Background to the Recommendations

In 2000-01, slot machines generated $252 million for the Alberta Lottery Fund, $53.7 million in commissions to charities that held casino events, and $65.2 million in commissions to slot machine retailers (casino facility licensees and racing entertainment centre operators).

Among gaming activities conducted and managed by government, slot machines have contributed the greatest increase in net revenues over the past few years. The net revenue from slot machines (after prizes and expenses) increased to $252 million in 2000-01 from $111 million in 1998-99. By comparison, VLT net revenue increased to $574 million from $508 million over the same period.

Under the *Criminal Code* (Canada), only a provincial government may conduct and manage a lottery scheme operated on or through a computer, video device or slot machine. The *Gaming and Liquor Act* (Alberta) authorizes the Commission to conduct and manage such lottery schemes on behalf of the provincial government.

The Commission monitors the province's network of slot machines through its central computerized system as a security/control measure, a critical element in the conduct and management of slot machines.

Slot machines are found in 18 permanent facilities located throughout the province. These include 16 casino facilities and two racing entertainment centres affiliated with the racetracks at Edmonton Northlands and Lethbridge Whoop-Up Downs. The racing entertainment centres are part of the province's Racing Industry Renewal Initiative. Slots have also been provided to temporary casinos during major summer fairs and exhibitions.

Primary Issues

Slot gaming is viewed as a harder form of gaming. Many feel that they should only be available in facilities dedicated to gaming and that restrict access to those of legal age. More than half of Albertans also believe that it is up to each individual to control his or her own gambling.

Under the First Nations gaming policy, any on-reserve casinos would include slot machines in their facilities to generate charitable gaming proceeds for First Nations.

Industry stakeholders involved with facilities or premises that offer gaming activities, other than slot machines, have expressed interest in providing slots as another gaming entertainment for their customers. For example, bingo associations have expressed a strong desire to offer slot gaming in their bingo facilities to raise additional funds for charitable groups and to compete with electronic games in casinos and in bars and lounges.

Interest for slots has been expressed by hotels for proposed hotel "games rooms" and by agricultural associations that are not classified as major exhibitions during their fairs and exhibitions.

At the same time, the stakeholders involved with bingo and horse racing, two of the province's traditional gaming activities, also believe that maintaining the distinction among gaming activities, or differentiating one from the other, is important. The stakeholders felt that doing so would give consumers a clear choice, and also would be aimed at preserving the current primary gaming activity of the facility.

Recommendations

SLOTS - PUBLIC INTEREST, SOCIAL RESPONSIBILITY

SLOT MACHINE RECOMMENDATION - 1

- **Slot machines must only be permitted in charitable casino facilities during licensed casino events and in racing entertainment centres. These facilities must restrict access to those of legal age.**

SLOTS - ELIGIBILITY

SLOT MACHINE RECOMMENDATION - 2

- **Establish stringent standards for the facilities in which slot machines are to be authorized** (for the integrity of slot gaming and to meet the public demand for security and a clean modern environment for gaming).

SLOT MACHINE RECOMMENDATION - 3

- **Continue the summer fair slot program.**

SLOTS - AVAILABILITY, NETWORK ACTIVITIES

SLOT MACHINE RECOMMENDATION - 4

- **The availability of slot machines and diversity of the product mix in an authorized facility should correspond to player demand and facility capacity.**

SLOT MACHINE RECOMMENDATION - 5

- **Optimize the distribution of slot machines and product mix through performance monitoring** (to maximize the return to charities and the Alberta Lottery Fund).

SLOTS - REVENUE DIVISION

SLOT MACHINE RECOMMENDATION - 6

- **Amend the *Gaming and Liquor Act* to explicitly permit charities to receive commissions from slot machines** (and thereby formalize the current process to provide charities holding a casino event a commission for allowing slot machines at their gaming event).

SLOTS - TECHNOLOGY

SLOT MACHINE RECOMMENDATION - 7

- **Through the business planning process, develop clear policies for the systematic upgrading or replacement of terminals and central computer system equipment.**

SLOT MACHINE RECOMMENDATION - 8

- **Use technology more effectively to improve security regarding slot machines.**

TICKET LOTTERIES

Background

In 2000-01, ticket lotteries generated gross sales of $394 million in the province. Prizes amounted to $198 million, or approximately 50% of gross sales. The Alberta Lottery Fund received $161 million from ticket lotteries in 2000-01. Retailers earned commissions of $27 million, and taxes and payments to the federal government amounted to $10 million.

Ticket lotteries are provincial lottery schemes. They include Lotto 6/49, Scratch 'n Win, The Plus, Sport Select, Super 7, Pick 3, Extra, Western 649 and Special Event ticket lotteries. Ticket lotteries are played by 69% of adults in Alberta, more than any other gaming activity.

In Alberta, lottery tickets are sold through approximately 2,006 retail sites across the province, including convenience retail outlets, shopping mall kiosks, drug stores, and retail gas outlets.

Each retailer is authorized to sell the tickets under an agreement with the Commission and Western Canada Lottery Corporation (WCLC). The WCLC conducts and manages ticket lotteries on behalf of the member provincial governments of Alberta, Saskatchewan and Manitoba. The operating costs of the WCLC are shared among member provinces. Alberta's share of the operating costs was $20 million in 2000-01.

Ticket lotteries are governed under the *Criminal Code* (Canada). The *Gaming and Liquor Act* (Alberta) authorizes the Commission to conduct and manage such lottery schemes on behalf of the provincial government.

Recommendations

No significant issues were identified. Therefore, there are no specific recommendations for ticket lotteries. The recommendations made earlier under the section "Gaming in General" would apply to all gaming activities, including ticket lotteries. For example, as a matter of public interest and social responsibility, the Commission will ensure retailers continue to sell ticket lotteries only to those of legal age and sales are not being made to minors. The Commission will also continue to work with ticket lottery retailers to address any issues or concerns that arise in the future.

VIDEO LOTTERIES

Background to the Recommendations

In 2000-01, video lotteries generated gross sales of $8.4 billion. Prizes amounted to $7.7 billion, or approximately 92% of gross sales. The Alberta Lottery Fund received $575 million from video lotteries in 2000-01. Retailer commissions, and taxes and payments to the federal government amounted to $113 million.

A video lottery terminal (VLT) is a free-standing electronic gaming device, with player-activated touch-screen technology, used to play a variety of games of chance.

The terminals operating in the province are purchased and owned by the Commission on behalf of the Government of Alberta. This conforms with the provisions of the *Criminal Code* (Canada) which provide that only a provincial authority may conduct and manage electronic gaming devices. The *Gaming and Liquor Act* (Alberta) authorizes the Commission to conduct and manage VLTs.

VLTs are located only in bars and lounges under agreement between the VLT retailer and the Commission. The agreement authorizes the retailer to provide services regarding VLTs under various terms and conditions that reflect policies of the Commission regarding the conduct, management and operation of VLTs. The retailer receives a commission of 15% of net revenues for providing those services.

The Commission monitors the province's network of VLTs through its central computerized system as a security/control measure, a key element in the conduct and management of VLTs.

Public Consultations

Some of the key policies for VLT gaming in the province were adopted by the government in response to recommendations of the Lotteries Review Committee (1995). The Lotteries Review Committee, comprised of MLAs and chaired by Judy Gordon, MLA -Lacombe Stettler, consulted with Albertans about future directions for lotteries and gaming in 1995. In its report issued in August 1995, the committee noted that it was time to ask questions about how lottery funds should be used, how to improve accountability, and the impact of VLTs on communities.

A number of the committee's recommendations regarding VLTs were adopted by the government and have formed the basis of current VLT policy in the province. They include limiting the maximum number of VLTs in the province to 6,000 and allowing communities to determine by municipal plebiscite whether they wished to remove VLTs from their communities.

Another recommendation was single facilities with more than one bar or lounge with VLTs should have only one premises with VLTs. This policy had two intentions. One was to reduce the possibility of a single facility, such as a hotel, from creating many separate areas so each could apply for and receive more VLTs. The other intention was to free up VLTs so they could be allocated to bars and lounges on the VLT wait list. This policy was to be implemented by December 31, 2000, but has been deferred pending the outcome of the Gaming Licensing Policy Review.

Between February 1997 and October 1998, 40 VLT plebiscites were held in municipalities throughout Alberta. The vast majority of municipalities voted to retain VLTs, although in a number of cases by narrow margins. VLTs have been removed from Rocky Mountain House and Sylvan Lake. Various legal challenges have been initiated by retailers in other communities that voted to remove VLTs. A court injunction and the pending legal challenge have prevented the removal of VLTs from those communities.

Primary Issues

A concern of many Albertans and stakeholders is VLTs are too accessible. Any further accessibility would be of great concern.

VLT retailers have expressed their concern about any major changes being made to VLT policies or a complete restructuring of the VLT network within the province. They believe this could bring serious harm or jeopardy to their businesses which, in some cases, have come to rely upon VLTs.

Changes to VLT policies could also affect proceeds generated for the province's Alberta Lottery Fund.

Recommendations

VLTs - PUBLIC INTEREST, SOCIAL RESPONSIBILITY

VLT RECOMMENDATION - 1

- **Prior to making a decision on whether or not to enter into a video lottery retailer agreement with a prospective retailer, the Commission will consider any demonstrated local government and/or community objections to an agreement with the retailer.**

VLTs - ELIGIBILITY

VLT RECOMMENDATION - 2

- **Only qualified licensed bars and lounges (Class A Minors Prohibited licensees) that are in operation** (open for business) **may apply for VLTs.**

VLTs - AVAILABILITY, ACCESSIBILITY, NETWORK ACTIVITIES

VLT RECOMMENDATION - 3

- **Move toward a greater concentration of VLTs in fewer locations** (and thus reduce accessibility of VLTs).

VLT RECOMMENDATION - 4

- **Allow for dedicated VLT gaming venues. Such venues would have from 15 to 25 VLTs and operate under enhanced facility standards.**

VLT RECOMMENDATION - 5

- **Generally impose more stringent controls on the number and size of dedicated VLT gaming venues in the province** (initially, limited to 65 venues that would draw from a pool of 1,000 VLTs within the province's current maximum limit of 6,000 VLTs).

VLT RECOMMENDATION - 6

- **Single facilities that currently have more than one licensed premises with VLTs will be required to comply with the current policy before December 31, 2002 (that is, to have only one licensed premises with VLTs in a single facility). Their option is to meet the enhanced facility standards for the recommended dedicated VLT gaming venues under the same time limitation.**

VLT RECOMMENDATION - 7

- **Given the recommended changes for VLTs in the province** (to reduce the number of locations with VLTs) **ensure the allocation of VLTs continues to be fair, objective and transparent.**

VLT RECOMMENDATION - 8

- **Optimize the distribution of terminals through performance monitoring** (an effective, objective and transparent method to allocate VLTs and reduce their accessibility).

VLT RECOMMENDATION - 9

- **Allow a business that purchases an existing licensed premise with a certain number of VLTs to keep those VLTs in the premise** (to avoid the removal of surplus VLTs that otherwise would be allocated to new retailers and thus result in increased accessibility).

VLT RECOMMENDATION - 10

- **A relocation of an existing VLT retailer will result in the termination of the video lottery agreement except under specific, reasonable circumstances** (such as fire or unexpected or uncontrollable event, or *force majeure*).

VLT RECOMMENDATION - 11

- **Develop a set of clearly defined and specific penalties that may be assessed against retailers for violating terms or conditions of the VLT retailer agreement** (allowing the Commission to address violations other than through the termination of the VLT agreement).

VLTs - FINANCIAL CONTROL, SECURITY

VLT RECOMMENDATION - 12

- **Maintain strict financial controls for the collection of revenue** (to minimize the risk of loss).

VLT RECOMMENDATION - 13

- **Through the business planning process, the Commission will develop clear policies for the systematic upgrading or replacement of terminals and central computer system equipment.**

USE OF INTERNET FOR GAMING

Background to the Recommendations

Internet gaming or e-gaming refers to a gambling activity that is played through a computer connected to the Internet. Essentially Internet gaming involves "…on-line wagering using a personal computer and a modem."[1]

Under provisions of the *Criminal Code* (Canada), any lottery scheme operated on or through a computer or electronic device in Canada may only be conducted and managed by a provincial government. None of the provincial governments in Canada is conducting and managing a lottery scheme using the Internet.[2] A few jurisdictions have used the Internet for gaming-related promotions.

The Internet is available in homes, in the workplace and through public institutions such as schools and government offices, throughout the world. Its growth over the past few years has been phenomenal. Among other developments, new technologies are being introduced to expand and improve upon the way commercial transactions are conducted using the Internet, including transactions related to gaming on the Internet.

Primary Issues

It is acknowledged that regulating any type of activity on the Internet, including gaming, poses serious challenges and current laws do not specifically address the issue of Internet gaming. It is important that those challenges and the related issues be clearly understood and developments in Internet gaming be closely followed.

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[1] From: *Report on Gaming Legislation and Regulation in British Columbia*, January 1999. This report notes: "Players can access virtual casinos anywhere in the world, where they may bet on simulated card and dice games, slot games, sports, lottery products, scratch cards and bingo. The Internet has globalized the gaming industry."

[2] The Province of PEI has licensed a lottery scheme that would use the Internet to sell tickets worldwide. However, the lottery's web site has yet to be activated, pending the outcome of a legal suit by the Interprovincial Lottery Corporation.

Few Albertans have engaged in Internet gaming. Most adult Albertans feel that Internet gaming should be less available, despite the fact none of the provincial governments in Canada is currently conducting and managing gaming on the Internet. A few stakeholders believe the province should become involved to prevent or control Internet gaming and keep gaming dollars in the province. A problem gambling treatment agency (AADAC) is concerned about the significant problems that may arise from Albertans accessing the Internet to gamble, but also acknowledged the difficulty of controlling such access.

Recommendation

INTERNET GAMING - RESEARCH, POLICY DEVELOPMENT

INTERNET GAMING RECOMMENDATION - 1

- **The Commission will approach the subject of the use of the Internet for gaming in three main steps, as follows:**

  STEP ONE
  Research and monitor recent developments in other jurisdictions respecting the legal, regulatory, enforcement, economic and social issues related to the use of the Internet to facilitate gaming activities.

  STEP TWO
  Based on the research and findings obtained in step one, develop a longer-term strategy regarding the use of the Internet to facilitate gaming activities.

  STEP THREE
  Forward the recommended longer-term strategy for the use of the Internet in gaming, as developed in step two, through the business planning process of government.

Concluding Comments

The growth of gaming activities in the province over the past 10 years have required a careful review of the province's gaming policies, to ensure they take into account current circumstances and set out clear and specific procedures and processes.

The Gaming Licensing Policy Review was initiated for that purpose. Its specific objective was:

> To recommend licensing gaming policies that address issues of growth while continuing to ensure the effective regulation and socially-responsible delivery of gaming activities in the province over the next five years.

The recommendations presented in this report are aimed at that objective. In addressing growth, they attempt to achieve a balance between the social and fiscal capacities of the province. In that regard, the views of Albertans and stakeholder groups during the review process were instrumental.

The fundamental purpose of gaming in the province is to generate proceeds for charitable, non-profit, public and community-based initiatives. The legal framework for gaming starts with the *Criminal Code* (Canada). In Alberta, the legal framework is further defined in the provisions of the *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta). The guiding principles for gaming guide the development and implementation of gaming policies.

Policy recommendations were made with these legislative, regulatory and policy requirements in mind. They also considered the current gaming environment within the province.

Recommendations

The recommendations call for a clearer and greater role by communities to determine whether the expansion of licensed gaming facilities (casinos, association bingo halls) and racing entertainment centres (RECs) would be acceptable in their respective communities. In this regard, the recommended approach will be much more proactive than in the past. It will give a more prominent role to the views of the local community before any further consideration is given to expansion of licensed gaming facilities or RECs.

It is recommended that the maximum limit of 6,000 VLTs for the province, established in 1995, should continue to remain in effect. Moreover, the availability of VLTs should be reduced by consolidating VLTs in fewer locations and creating dedicated VLT gaming venues in the hospitality and tourism industries of the province.

Charities involved with bingo and pull ticket sales, two activities whose sales have been declining, will have more opportunities to compete in the province's gaming market, and bring added value to consumers, while generating proceeds for their charitable or religious community projects.

Efforts will continue to be made to ensure that gaming activities are delivered in a socially-responsible manner. Problem gambling awareness training should be compulsory for staff of all licensed gaming facilities (permanent charitable casinos and association bingo halls, as well as racing entertainment centres) and private VLT retailers. New electronic gaming devices will contain proven responsible gaming features.

Partnership with Stakeholders

The Gaming Licensing Policy Review was the first comprehensive review that the Alberta Gaming and Liquor Commission has conducted of the province's gaming policies since the Commission was formally established in 1996.

The policy review has allowed the Commission to take a more strategic approach to consulting with stakeholders and establishing stronger relationships for the future.

It has also heightened the awareness among staff of the complex and difficult issues and challenges faced by the Commission. The common objective of the policy review has helped to focus the organization's energies toward being a more effective and responsive organization.

PROCESS

PURPOSE OF THE GAMING LICENSING POLICY REVIEW

Introduction

Gaming has experienced dramatic growth in many jurisdictions throughout the world over the past 10 years. The Province of Alberta is no exception.

In Alberta, gaming activities generated gross sales (before prizes) of $14.6 billion in fiscal 2001, of which more than $13.1 billion was returned to players as prizes.

In fiscal 2001, $988 million in net revenue was placed in the Alberta Lottery Fund from ticket lotteries, slot machines and VLTs. Alberta Lottery Fund revenue is used in more than 8,000 specific charitable, non-profit, public and community-based initiatives across Alberta. In addition, charitable groups earned approximately $171 million from casino, bingo, raffles and pull tickets, to help support thousands of charitable community programs or activities across Alberta.

Since 1991, net revenue to the Lottery Fund and charities has grown from $235 million to more than $1.1 billion per year. That level of growth emphasizes the importance of maintaining the integrity of gaming activities and of achieving the appropriate balance between the social capacity and fiscal capacity for gaming activities in the province.

The Minister of Gaming requested a review of gaming licensing policies in December 1999. The aim of the review is to arrive at clearly set out procedures and processes to address proposals related to the growth or expansion of gaming activities.

The Minister directed, during the Gaming Licensing Policy Review, the Alberta Gaming and Liquor Commission (the Commission) to suspend consideration of requests to license or approve new casinos, casino expansions or re-locations, new games and new gaming environments.

Objective

The objective of the Gaming Licensing Policy Review is:

> To recommend gaming licensing policies that will address issues of growth in gaming and continue to ensure the effective regulation and socially responsible delivery of gaming activities in the province over the next five years.

During the review, the Commission obtained the views of Albertans and consulted with stakeholders who represent a range of community and industry perspectives. Their views played a key part in the development of gaming licensing policy recommendations.

Prior consultations that dealt with gaming were also to be taken into account. Examples of those consultations include the Bingo Industry Review (September 1999), Lotteries and Gaming Summit '98 (July 1998), the Native Gaming Committee Review (April 1996) and the review conducted by the Lotteries Review Committee (August 1995).

Achieving a Balance

Gaming activities, through the proceeds they generate, provide numerous benefits for Albertans. They also create serious issues for those who experience problems with their gambling. In this regard, Albertans expect the government to manage and control gaming activities and to do so in a socially responsible manner.

In addressing issues of growth, the government is expected to achieve a balance between the social and fiscal capacities for gaming activities in the province.

In this context, social capacity refers to public acceptance for gaming activities and the social impacts of gaming activities. The level of public acceptance is dynamic and changes over time. It is influenced by the apparent or perceived overall benefits of gaming activities and the apparent or perceived overall harm or costs associated with those activities. The level of acceptance may be tempered by views in the population about the responsibility of individuals to manage their own affairs. Social capacity also requires policy-makers be mindful of, and be able to respond to, changing demographics.

The fiscal capacity refers to the realistic financial projections regarding the potential for growth, based on consumer demands and demographics. In addition, fiscal capacity takes into account the effect of the growth or decline of gaming activities upon individuals personally and upon business enterprises in the province.

In the ongoing process to achieve an appropriate balance, the government must ensure the integrity of gaming activities, consistency and fairness in the rules, accountability for the proceeds that are generated, and that gaming proceeds are directed to approved charitable, non-profit, public and community-based initiatives.

FRAMEWORK

GAMING POLICY FRAMEWORK

Legislative Authority

The Minister of Gaming is responsible for the Alberta Gaming and Liquor Commission and its Board.

The Commission is governed by the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta), the *Gaming and Liquor Regulation* (Alberta) and policies established by the Minister of Gaming and those of the Board of the Commission under the provisions of the *Gaming and Liquor Act* (Alberta).

All gaming in Canada is illegal except for those gaming activities the *Criminal Code* allows.

The *Criminal Code* gives the provinces the authority to administer and regulate gaming activities. That provincial authority includes, but is not limited to: issuing gaming licences to charitable or religious organizations, if those organizations use the proceeds for charitable or religious purposes; and to conducting and managing ticket lotteries and electronic gaming activities such as slot machines and video lottery terminals (VLTs).

The Commission assumes those obligations in the province under the provisions of the *Gaming and Liquor Act* and is responsible for maintaining the integrity of gaming activities and collecting revenue for the province. The Commission licenses, regulates and monitors all licensed gaming in the province except for horse racing, which is administered and regulated separately by the Alberta Racing Corporation. Horse racing is not covered by this review.

The Commission's vision, mission, goals and strategies related to gaming activities are provided in the appendix "Business Plan." More detailed explanations of the the legislative and regulatory requirements for gaming activities appear in the appendix "Legislative Requirements and Considerations."

Existing Licensing Policies

The policies for each gaming activity in the province are listed in the following table. Also listed in the table are the agreements with retailers; those agreements reflect policy requirements in many of their respective terms and conditions.

Table 3-1: Current Gaming Licensing Policies and Contractual Agreements

GAMING ACTIVITY	LICENSING POLICIES/CONTRACTUAL AGREEMENTS
Ticket Lotteries	• Ticket Lottery Retailer Agreements • Lottery Services Retailer Policies
Video Lottery Terminals (VLTs)	• Licensee Handbook (Liquor) • Licensing Policies and Procedures • Video Lottery Retailer Agreement • Lottery Services Retail Policies

GAMING ACTIVITY	LICENSING POLICIES/CONTRACTUAL AGREEMENTS
Slot Machines	• Casino Terms & Conditions and Operating Guidelines • Licensing Policies and Procedures • Casino Gaming Retailer Agreement
Bingo	• Bingo Terms & Conditions and Operating Guidelines • Bingo Licensee Terms & Conditions • Licensing Policies and Procedures
Casino Table Games	• Casino Terms & Conditions and Operating Guidelines • Casino Licensee Terms & Conditions • Licensing Policies and Procedures
Raffles	• Raffle Terms and Conditions: Total Ticket Value $10,000 and Less • Raffle Terms and Conditions: Total Ticket Value More Than $10,000 • Sports Draft Terms & Conditions • Licensing Policies and Procedures
Pull Tickets	• Pull-Ticket Terms & Conditions • Licensing Policies and Procedures • Policies also contained in Bingo Terms & Conditions and Operating Guidelines, as related to pull ticket sales in bingo association facilities.
Internet Gaming & New Games	• No specific policies (requirements as set forth in the *Criminal Code* (Canada).

Alberta's Current Gaming Environment

The Gaming Licensing Policy Review takes into account the current environment of the gaming industry in Alberta. Following were key considerations in arriving at the recommendations.

Regulation and Control

The gaming industry of the province is regulated and controlled. The shape of the industry is determined by the legislation, regulation and policies governing gaming activities or the "gaming policy framework" of the province.

As the entity responsible for gaming licensing policies, the Commission is expected to provide recommendations to the Minister of Gaming regarding the procedures, processes and licensing of gaming in the province to ensure key policy objectives are being met according to legislative and regulatory requirements.

Gaming Policy Requirements

Gaming policies must meet basic requirements or standards. They must ensure the integrity of gaming activities. Players who participate in gaming activities must have a fair chance to win.

Albertans and stakeholders expect gaming licensing policies are transparent. The public has a right to know how gaming activities are managed in the province. Stakeholders expect clear direction respecting gaming policy so they may plan or respond accordingly.

All those who obtain proceeds from gaming are held accountable for the amount they receive and how they use or disburse those proceeds. That includes both the government, through the Alberta Lottery Fund, and charitable organizations that earn proceeds from charitable gaming activities.

Stakeholders expect to be treated fairly and impartially and expect the rules are applied and enforced consistently.

Achieving a Balance

The government is expected to achieve an appropriate balance between the social and fiscal capacities for gaming activities in the province. This is a balance between the public acceptance and social impacts of gaming activities and the consumer demand and economic impacts of gaming activities in the province.

Demand for Gaming Proceeds

There is ongoing pressure for proceeds from charitable gaming and provincial lotteries (the Alberta Lotteries Fund) to help support charitable, non-profit, public and community-based initiatives.

There are more than 8,000 charitable organizations that have gaming licences to raise funds for their community projects. Up to 14,000 groups have been registered by the Commission at one time or another as being eligible to hold a gaming licence—that translates to one eligible charitable or non-profit organization for every 215 Albertans.

Alberta Lottery Fund revenues are allocated to public initiatives, programs and foundations that are identified in the government's business planning process and approved by the provincial legislature. The lottery fund supports more than 8,000 charitable, non-profit, public and community-based initiatives throughout the province each year.

Charitable Gaming Model

The provincial government made a commitment to maintain the province's charitable gaming model in response to a recommendation of the Lotteries and Gaming Summit '98. Under this model, bingo, casinos, raffles and pull ticket sales may only occur in the province when eligible organizations receive licences to conduct the gaming activities. Eligible charitable groups receive proceeds from their direct involvement in those activities. This model is highly regarded by stakeholders. It is distinct in Canada as to the relatively high involvement by charitable organizations. In other jurisdictions, the government typically plays a more prominent role in conducting and managing gaming activities and distributes the proceeds from them as it deems appropriate.

Social Responsibility

Albertans expect that gaming activities are delivered in a socially responsible manner. As an example, it is recognized that while gaming has become an acceptable form of entertainment for many Albertans, there also are Albertans who experience serious problems with their gambling.

Social and Economic Costs and Benefits

The public and stakeholders want a full analysis of the social and economic costs of gaming activities in the province. Currently, the Alberta Gaming Research Institute and the Alberta Gaming Research Council are in place to examine the social and economic issues related to gaming.

Partnership

The provincial government, charitable organizations, private operators and retailers and those employed in the gaming industry are all stakeholders in the province's gaming industry. The integrity and socially responsible delivery of gaming activities is a shared responsibility among them.

Complexity and Diversity

Each gaming activity is administered and regulated under a distinct set of licensing policies and guidelines. This reflects the diversity within the industry and is reinforced by charitable organizations, gaming operators or private retailers who refer to their specific gaming activities as being part of industry, for example, "casino industry" and "bingo industry." Each gaming activity has its own history or traditions, market and manner in which it is delivered to players.

Gaming Infrastructure

The gaming infrastructure refers to the base or structure on which gaming activities and services are provided to players. A key element of the infrastructure are the organizations or individuals who deliver gaming activities to players. They are as noted in the following table:

Table 3-2: Gaming Activity Delivery

GAMING ACTIVITIES	DELIVERED TO CONSUMERS BY:
Charitable gaming activities or events: • casino table games • association bingo • larger scale community bingo • larger raffles • pull ticket sales • smaller raffles • community bingo events	• Volunteers of licensed charitable organizations; Or • Volunteers of licensed charitable organizations and private businesses or paid managers and their gaming staff, all of whom must be registered by the Commission.
Government run gaming activities (provincial lotteries): • ticket lotteries • VLT gaming • slot machines (casino facilities, racing entertainment centres)	• Private businesses or retailers under agreement with the Commission. • The Western Canada Lottery Corporation markets ticket lotteries in Alberta on behalf of the Commission.

Eligible charitable groups that are licensed by the Commission are required to conduct and manage charitable gaming events. They do so through their volunteers and, as shown in the table, are assisted in some gaming activities by service providers that include private companies and hired employees. Service providers naturally have an interest in the gaming activities in which they are involved, including their expansion or growth.

Casino and association bingo events are held in licensed gaming facilities. Casino events are held in licensed casino facilities that are owned or leased by private casino operators registered with the Commission. Association bingo events are held in licensed facilities that typically are leased by the association.

Private service providers assist the Commission in its responsibilities to conduct and manage video lotteries, ticket lotteries, and slot machines. These service providers, typically operating from facilities or venues they own or lease, naturally have an interest in the continuation, expansion or growth of the gaming activities in which they are involved.

Market Competition

Those who operate or conduct gaming activities are free to compete for the gaming dollar within the bounds of legislation, regulation and policies.

Typically, operators of similar games within the same vicinity or region will compete for the same consumers (that is, casinos within the same geographical region, bingo halls within the same geographical region, regional or provincial raffles, etc.). Competition also exists for Albertans' gaming dollars in other jurisdictions, for example, Casino Regina, which advertises its facility in Alberta, and international destinations such as the casinos of Las Vegas.

Generally, the gaming industry in the province has over the past few years focused on improving the quality of gaming entertainment in order to maintain or increase the customer base, for example, by improving the environment within gaming facilities through expansion or renovation and by introducing new games or activities. As a result, the standards for the delivery of gaming activities in the province are generally higher than before.

Product Life Cycles

Gaming activities, as with any products or services in the marketplace, have their own life cycles based in part on their customer base, changing demographics and the introduction of new technologies.

Traditional games, which at one time dominated gaming in the province, such as paper bingo and horse racing, have seen declining or marginally increasing sales or wagering over the past ten years.

Similar to the experience in other Canadian jurisdictions, newer electronic games such as slot machines and VLTs were introduced to the province within the past decade. They have become popular and subsequently enlarged the entire gaming market in the province.

Effect of Technology

Those involved with the traditional, mature gaming activities in the province have been compelled to consider new technologies to retain market share and deliver acceptable products. Satellite bingo and off-track betting are examples of this trend. Various jurisdictions around the world have introduced or are contemplating offering gaming activities using the Internet.

Members of the bingo industry and horse race industry feel electronic games, in particular VLTs, have eroded their customer base and contributed to declining sales or wagering since VLTs were introduced in 1992. The extent of the effect of electronic games on reducing sales in mature, traditional gaming activities has yet to be clearly determined. Much of the evidence provided has been anecdotal and lacked methodical, statistical or qualitative study.

Gaming operators want a level playing field regarding introducing new technologies. For example, some bingo industry members argue if electronic keno were to be introduced into casinos, bingo halls should be permitted to introduce it as well, since the game is similar to bingo and would contribute to the viability of bingo in the province.

The horse racing industry has benefited to some extent from slot machines in racing entertainment centres as well as off-track betting and simulcast wagering. However, those do not appear to have reversed—and may have even contributed to accelerating—the downward trend in pari-mutuel wagering on live horse racing.

Pressures for Growth or Expansion

The areas in which most demand or pressure exists toward growth of gaming in the province is with new casinos, including First Nations casinos; electronic games; new gaming activities; and introducing new technologioes to traditional gaming activities such as bingo.

In the past, the growth or expansion of gaming activities has been managed based on various criteria or policies which have taken into consideration such factors as: level of proceeds to charitable, non-profit, public and community-based initiatives; consumer demand; industry demands; policy limits on growth or expansion (for example, the maximum limit of VLTs in the province) and community objections or concerns.

The concern is that such licensing policies are not in all respects current, comprehensive or specific enough to address the demands and issues for growth being faced today. Moreover, the public has expressed its own concerns about uncontrolled expansion of gaming activities. The public places responsibility upon each adult person for his or her own behaviour, but also places responsibility upon the government to protect the public interest or welfare of citizens.

These pressing concerns and demands have necessitated a thorough review of the province's gaming licensing policies.

DEVELOPMENT

POLICY DEVELOPMENT REVIEW PROCESS

A Process of Reviewing the Framework for Gaming Licensing Policies

Gaming policy development occurs within a framework consisting of legislation, regulation and existing gaming policies.

This framework may be compared to a building or physical structure. The Gaming Licensing Policy Review may be compared to a building inspection or assessment, aimed at determining the condition of the building and what may be needed to ensure it remains sound to meet current and future demands.

The foundation determines how large the building may be. In this case, the *Criminal Code* of Canada is the foundation for provincial gaming legislation. The *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta) comprise the building's physical framework which are built upon the foundation for gaming.

The guiding principles for gaming may be compared to standards for construction. Those standards include ones that determine how tall the building may be based upon the strength of the foundation, the construction methods by which the structure will be built, the durability of the materials used in the structure, among others.

General gaming policies may be compared to the exterior of a building, which give the building its outward appearance but also are intended to preserve and protect the integrity of the building. Specific gaming policies, including the terms and conditions that apply to holders of gaming licences, and agreements with private operators or retailers of gaming activities, determine how the interior of the building will appear.

The structure is maintained and supported by the Alberta Gaming and Liquor Commission and by gaming stakeholders, all who have a part and interest in insuring the building's integrity and security.

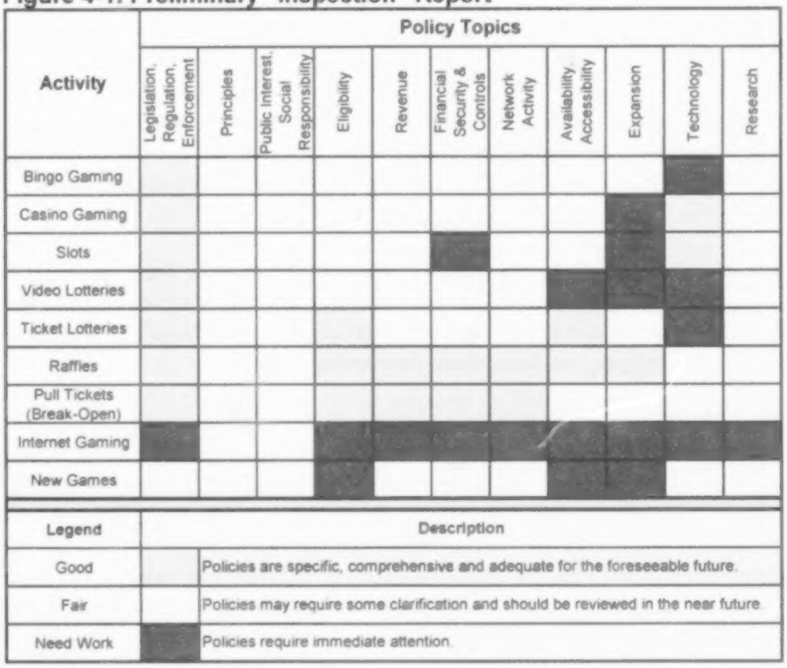
What Shape is the Building in Today?

One of the first steps is to examine the foundation because it supports the structure that is built upon it. The inspection also involves examining the exterior of the building to ensure that it protects and preserves the integrity of the structure. The interior finishing and mechanical features are also checked for minor defects or damage caused by normal wear and tear which may need to be fixed, upgraded or maintained, to meet current standards.

An initial inspection of current gaming licensing policies was conducted at the outset of the Gaming Licensing Policy Review. The elements, or policy topics, of each gaming activity were closely examined to determine their current "state of repair."

That preliminary assessment is provided in Figure 1. The assessment served as a starting point, to initiate consultations with stakeholders and obtain their views and perspectives. These, along with findings in other jurisdictions, were considered in arriving at recommended adjustments or improvements. The government will decide whether any of those are to be made.

Figure 4-1: Preliminary "Inspection" Report



Activity	Policy Topics										
	Legislation, Regulation, Enforcement	Principles	Public Interest, Social Responsibility	Eligibility	Revenue	Financial Security & Controls	Network Activity	Availability, Accessibility	Expansion	Technology	Research
Bingo Gaming	░									▓	
Casino Gaming	░								▓	░	
Slots	░					▓			▓	░	
Video Lotteries	░							▓	▓	▓	
Ticket Lotteries	░			░				░		▓	
Raffles	░			░	░	░	░	░	░		
Pull Tickets (Break-Open)	░			░	░	░	░				
Internet Gaming	▓			▓	▓	▓	▓	▓	▓	▓	▓
New Games				▓				▓	▓		

Legend	Description	
Good	░	Policies are specific, comprehensive and adequate for the foreseeable future.
Fair		Policies may require some clarification and should be reviewed in the near future.
Need Work	▓	Policies require immediate attention.

For purposes of the preliminary "initial inspection" report, the policy topics as used in the figure above, mean the following:

Legislation, Regulation, Enforcement - Refers to compliance with statutory, regulatory, contractual and policy requirements.

Principles - Refers to the underlying philosophy, principles or direction for the conduct and management of charitable gaming and provincial lotteries in Alberta.

Public Interest, Social Responsibility - Public interest refers to the well being of the public in matters of gaming, including ensuring the public is well informed about gaming activities, or may readily obtain information if desired. Social responsibility refers to the measures, actions or provisions for the socially responsible delivery of gaming activities.

Eligibility - Regarding charitable gaming activities: refers to the definition of a charity for purposes of issuing gaming licences and the allowable uses of charitable proceeds from charitable gaming activities. Regarding provincial lotteries: refers to the definition of an eligible retailer (for ticket lotteries, slots, or VLTs).

Revenue - Refers to the manner in which revenue from gaming is divided among prizes, expenses, administration and to the primary beneficiaries of gaming proceeds; that is, charitable, non-profit, public and community-based initiatives.

Financial Security and Controls - Financial security refers to a deposit, letter of credit, or some other form of consideration given to assure the fulfillment of an obligation. Financial controls refers to the systems and procedures to protect the revenue generated from gaming activities.

Availability, Accessibility - Refers to the extent of the availability (how much) and accessibility (locations) of gaming activities to players.

Expansion - Refers generally to the expansion of gaming activities. It includes an expansion either in the size or number of gaming facilities and venues. It also includes an expansion in the types or amount of gaming activities offered in gaming facilities and venues, or elsewhere, within the province.

Technology - Refers to the electronic hardware and software used to deliver gaming products and services.

Research - Refers to close careful study into specific gaming matters or issues.

For the definitions of each gaming activity identified in Figure 1, please refer to the respective sections of this report that specifically deal with each gaming activity (for example, "Bingo," "Casino Gaming," "Slot Machines" and so on).

Process for Policy Development

The Gaming Licensing Policy Review process comprised four phases as follows:

1. *Development of Preliminary Strategies* - A cross-section of senior Commission managers and key staff identified emerging issues and suggested potential strategies to address those issues. These were a starting point for the policy review process. These were taken forward to the next phase, "Research and Consultations."

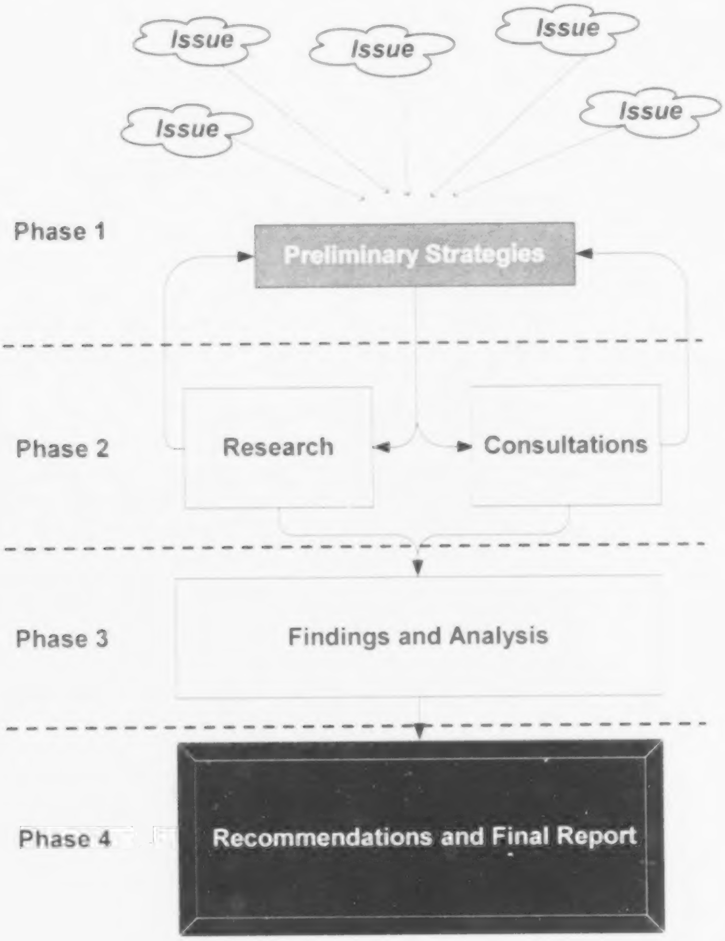
2. *Research and Consultations* - Stakeholder consultations were held regarding issues and strategies identified in step 1. Market research was also conducted to determine current public and player gaming attitudes, perceptions and behaviours. A literature search was undertaken to identify pertinent, significant studies, reports and other literature related to gaming.

3. *Findings and Analysis* - Key findings from the market research, stakeholder consultation and literature search were reviewed against the preliminary strategies to address primary issues. The initial strategies were revised as appropriate to reflect the key findings.

4. *Development of Recommendations and Final Report* - Recommendations to address identified issues were developed based on the analysis of key findings and incorporated into the final report.

The model depicted below represents the relationship among each of the four phases.

Figure 4-2: Policy Development Model


Issue
Issue
Issue
Issue
Issue
Phase 1
Preliminary Strategies
Phase 2
Research
Consultations
Phase 3
Findings and Analysis
Phase 4
Recommendations and Final Report

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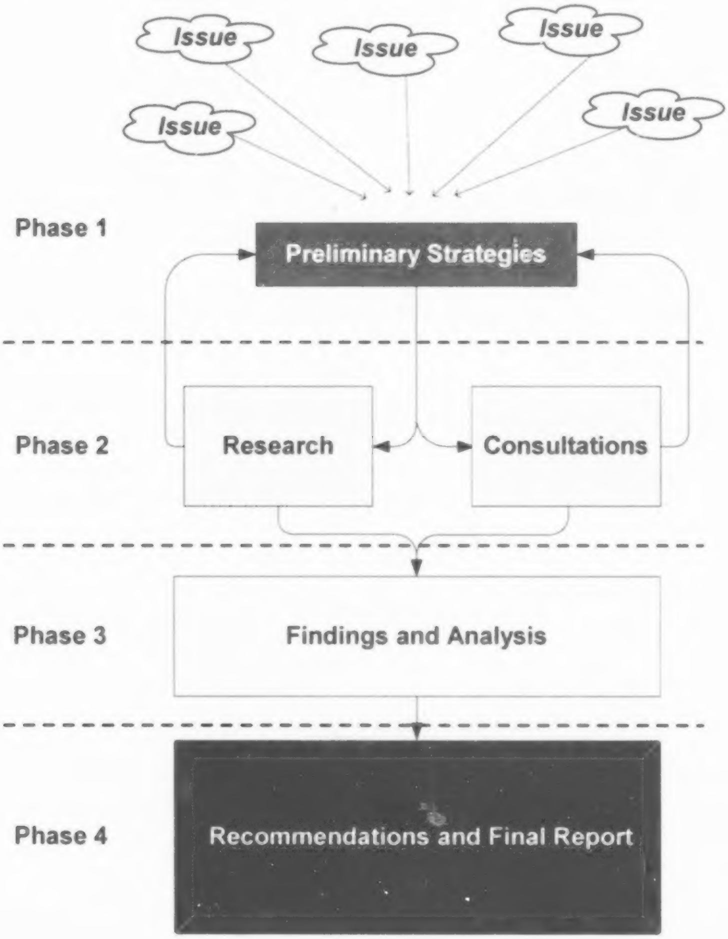
Issue
Issue
Issue
Issue
Issue
Phase 1
Preliminary Strategies
Phase 2
Research
Consultations
Phase 3
Findings and Analysis
Phase 4
Recommendations and Final Report

CONSULTATION

PUBLIC VIEWS AND STAKEHOLDER CONSULTATION

The Alberta Gaming and Liquor Commission is committed to open, clear and effective communications with all Albertans. Besides the public-at-large (including players and non-players), stakeholders of the gaming industry include charitable organizations, private retailers and gaming facility operators, municipalities, First Nations, major exhibitions, government, police services and advocacy groups.

During the Licensing Policy Review, the Commission obtained the views and perspectives of the public and stakeholder groups.

Public at Large

Albertans who participate in gaming activities are drawn from a population of approximately two million adults (those 18 years of age or older) from all walks of life. In 1998, about 1.78 million gambled over the previous 12 months. The main motivating reasons to gamble were to win money, for fun/entertainment and to support worthy causes (Wynne Resources and AADAC, 1998).

Charitable Organizations

There are approximately 8,000 gaming licences issued each year to charitable organizations that meet the Commission's eligibility requirements. They are located in urban and rural communities throughout Alberta. To be eligible for gaming licences, charitable organizations must be democratic and have a broad-based voluntary membership that establishes, maintains and delivers the group's programs. They range from small, stand-alone groups to large multi-level ones with provincial, regional, district and local bodies.

The Commission has established 15 categories of charitable organizations for purposes of licensing. They are as follows: agriculture, arts, community, education, foundations, medicine/health, multiculturalism, recreation, religion, service, sports, social action, senior citizen, youth and other (those that fall outside the other 14 specific categories). Each group delivers a specific charitable or religious program or service to the community.

Many obtain gaming licences as a way to raise funds, to support the delivery of charitable programs or services to the community. For some, charitable gaming is one of a number of fundraising methods, for others it is the primary method of raising funds.

Gaming Industry

Alberta Bingo Hall Managers Association (ABHMA)

The ABHMA consists of 43 managers of association bingo halls across Alberta. The managers are paid staff of bingo halls with hands-on management experience of bingo activities in their halls and knowledge of the local bingo market. The association was formed in 1999, to share information and protect the interests of the bingo industry, including its continued viability.

Alberta Gaming Industry Association (AGIA)

The AGIA is a provincial association of the gaming industry of Alberta. It comprises members from across gaming activities, including members from the casino and bingo industries, and lottery ticket and VLT retailers. The AGIA serves as an advisory body to government on gaming policy matters that affect the industry as a whole or its members.

Alberta Hotel and Lodging Association (AHLA)

The AHLA is an association of approximately 410 members, primarily member hotels and motels throughout Alberta. It was formed as a non-profit group in 1919. Its mission is: "To provide an effective voice to both government and the public so as to enhance the image, quality, and the efficiency of the hotel industry in Alberta." The AHLA advocates government policies that maintain, strengthen and help grow the hotel industry in Alberta.

Alberta Restaurant & Foodservices Association (ARFA)

ARFA is an association of approximately 1,050 members including restaurants and foodservices suppliers throughout the province. Its mission is: "To maintain and enhance a positive business environment for the restaurant and foodservices industry in the province." The association represents the interest of members to government, news media and the public.

Casino Operators

Casino operators, or casino facility licensees, are private-sector business people who operate casino facilities in the province (there are 12 such operators in Alberta). Operators request consideration for changes to existing terms or conditions, or to government policy, that will allow for growth or improve the profit potential of the casinos.

Community Bingo Licensees

There are about 540 licensed charitable organizations throughout the province that operate bingo up to three days per week, typically from their own facility, such as community hall or rented facility.

Federation of Alberta Bingo Associations (FABA)

FABA is a registered, non-profit society made up of member bingo associations in Alberta. Its purpose is to act as a liaison between its member associations and Alberta Gaming. FABA was incorporated in 1993 and works to protect the interests of association bingo, including the rejuvenation of the bingo gaming market. Its head office is in Edmonton and approximately 50 of 59 bingo associations across the province are members of FABA. Each member bingo association operates from its own bingo hall facility.

Retailers of Ticket Lotteries

There are approximately 2,000 private retail operations across Alberta that sell lottery tickets under an agreement with the Commission and Western Canada Lottery Corporation (WCLC). Among others, retailers include information kiosks in shopping malls, convenience stores, drugstores, gas bars and large format grocers. Lottery ticket centre retailers, as they operate today, were established in 1982.

Retailers of Video Lottery Terminals (VLTs)

There are approximately 1,250 VLT retailers across Alberta (280 in the Edmonton area, 260 in the Calgary area, 150 in rural cities and 560 in other rural communities). Retailers of VLTs have entered into individual agreements with the Commission to provide services regarding VLTs in their bars and lounges (Class A Minors Prohibited liquor licensed premises). VLT retailers expect continued revenue from VLTs to contribute to their business success, a level playing field among VLT retailers, consistency in application of VLT policies, integrity of the VLT program and many are receptive to adopting problem gambling programs. Many VLT retailers are also members of representative associations, including AGIA, AHA, and ARFA.

Workers in the Gaming Industry

There are approximately 5,200 registered gaming workers in Alberta. They include: casino dealers, pit bosses, pit supervisors and games managers; security staff; monitor room staff; slot attendants, supervisors and managers; bingo callers, cashiers, advisors and hall managers; raffle (charitable lottery) managers; and pull ticket managers. Most registered workers are employees of a casino facility licensee (casino operator) or bingo facility licensee (bingo association).

First Nations

First Nations are Indian bands as defined under the *Indian Act*. There are 45 First Nations in Alberta. The Alberta First Nations Gaming Association (AFNGA) was formed in July 2000 to work with the government to develop a First Nations gaming policy. First Nations seek to participate in gaming as an economic development opportunity for the people of First Nations.

Agricultural Associations

The Alberta Association of Agricultural Societies is an umbrella group with more than 200 individual societies as members, located throughout Alberta. They conduct annual fairs and exhibitions. The earliest associations were formed in the early 1900s. The major exhibitions include: Edmonton Northlands, Calgary Stampede and Exhibition Association, Camrose Regional Exhibition and Agricultural Society, Grande Prairie Agricultural Exhibition Society, Lloydminster Agricultural Exhibition Association, Westerner Exposition Association (Red Deer), Olds Agricultural Society, Lethbridge and District Exhibition and Medicine Hat Exhibition and Stampede.

Government or Public Services

Alberta Alcohol and Drug Abuse Commission (AADAC)

AADAC is an agent funded by the Alberta Lottery Fund to help Albertans achieve lives free from the abuse of alcohol, other drugs and gambling. Its role is: "To promote people's independence and well being through increasing use of social, emotional, spiritual and physical resources, and to provide cost-effective, holistic alternatives to hospital-based and medical services." AADAC was founded in 1951 and has been involved with gaming since 1993. Its problem gambling programs are funded through the Alberta Lottery Fund ($3.7 million in 2001-02).

Municipal Government

Municipalities are located throughout Alberta and include cities, towns, villages, hamlets, summer villages, counties, municipal districts, improvement districts and special areas. They provide local municipal services to residents within the respective municipal jurisdictions, as set forth in the municipal legislation of the province. Municipal representative organizations include the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMDC).

Police Services

Police services include the RCMP and municipal police services. Police services are essential to the full and effective enforcement of gaming laws and regulations in Alberta. The Commission works closely with police services throughout Alberta to coordinate enforcement activities related to gaming and liquor matters.

Alberta Justice

This department of the provincial government provides legal counsel to provincial government agencies and departments. Legal counsel are consulted on legal, regulatory and policy matters.

Advocacy Groups

The following three advocacy groups were consulted for their perspectives: the Canada West Foundation, a public policy advocacy group; the Canadian Foundation for Compulsive Gambling, a non-profit organization addressing problem gambling and the Salvation Army, which provides social services.

Manner of Gathering Views and Perspectives

An independent research company conducted a representative telephone survey with a random sample of adult Albertans in June 2000. Key objectives were to measure the awareness, knowledge, perception, attitudes and behaviours of players and non-players regarding gambling. The sample was weighted by region to match the Alberta demographic and is accurate to within +/- 2.5% at the 95% confidence level province-wide and within +/- 5% at the regional level. The average interview length was 45 minutes.

In September 2000, an independent research company conducted a telephone survey with a random sample of key representatives (presidents, chairpersons, directors, etc.) of charitable organizations drawn from the entire cross-section of charities in Alberta. Industry workers were also surveyed. Key objectives were to measure the awareness, knowledge, perception and attitudes of charitable groups and industry workers towards gambling. The average interview length was 15 minutes.

During September and October 2000, a series of facilitated discussions and executive interviews were conducted with gaming industry stakeholder groups throughout Alberta. Key objectives were to obtain stakeholder views and perspectives on gaming in general as well as specific matters pertaining to gaming activities in which they are directly involved. The consultations were intended to foster strong relationships with stakeholders, to obtain their input on an ongoing basis and promote dialogue. The average interview length was 1½ hours.

The following table summarizes the stakeholder groups consulted and manner of consultation.

Table 5-1: Summary of Stakeholder Groups Consulted, Methodology and Date Completed

STAKEHOLDER	WHO WE CONSULTED	HOW WE CONSULTED THEM	COMPLETED
Public	1530 adults	Telephone Survey	June 2000
Charitable Organizations	452	Telephone Survey	September 2000
Industry Workers	300	Telephone Survey	September 2000
Community Bingo Licensees	150	Telephone Survey	September 2000
Gaming Industry	Alberta Bingo Hall Managers Association	Facilitated Group Discussion	October 2000
	Registered Casino Advisors Association	Facilitated Group Discussion	
	Federation of Alberta Bingo Association	Executive Interview	
	Alberta Gaming Industry Association	Executive Interview	
	Alberta Hotel and Lodging Association	Executive Interview	
	Alberta Restaurant & Food Services Association	Executive Interview with AGIA	
	Alberta Racing Corporation	Executive Interview	
	Ticket Retailers (4 groups)	Facilitated Group Discussion	
	VLT Retailers (4 groups)	Facilitated Group Discussion	
	Casino Operators (2 groups)	Facilitated Group Discussion	
	Casino Applicants (2 groups)	Executive Interviews	
Agricultural Organizations	Calgary Stampede and Exhibition Association Edmonton Northlands Camrose Grande Prairie Stony Plain Lethbridge	Executive Interviews	October 2000

STAKEHOLDER	WHO WE CONSULTED	HOW WE CONSULTED THEM	COMPLETED
Government or Public Services	▪ Alberta Association of Municipal Districts and Counties ▪ Municipalities: Calgary, Edmonton, Grand Prairie & Red Deer ▪ Police Services: Edmonton, RCMP, Calgary, Lethbridge, Medicine Hat ▪ AADAC ▪ Alberta Justice	▪ Executive Interviews	▪ October 2000
Advocacy or Service Group	▪ Salvation Army ▪ Canada West Foundation ▪ Canadian Compulsive Gamblers Foundation	▪ Executive Interviews	▪ October 2000
First Nations	▪ Alberta First Nations Gaming Association (45 Nations)	▪ Government Main Table	▪ December 2000

GAMING ACTIVITIES AND RECOMMENDATIONS

GAMING IN
GENERAL

GAMING IN GENERAL

CONTENTS

A. Introduction
B. Background
C. Current Policies
D. Summary of Findings – Public Views, Stakeholder Consultations
E. Recommendations

A. Introduction

This section gives a general background to gaming in the province.

A summary of the legislation, regulations and policies that affect gaming in general are described in this section.[1] A more detailed explanation of the legislation and regulations are provided in the appendix "Legislative Requirements and Considerations."

As well, the views of Albertans and stakeholders regarding gaming or the regulation and administration of gaming are provided. This section concludes with recommendations aimed at addressing the various general gaming issues identified during the licensing policy review process.

Recommendations that address issues related to specific gaming activities appear elsewhere in this report.

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[1] During the Gaming Licensing Policy Review, the Commission reviewed and made recommendations to amend the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta). This legislative review process was conducted separately from the licensing policy review. Its aim was to ensure that legislative provisions are consistent with the regulatory and enforcement requirements and expectations of the Government of Alberta.

B. Background

Brief Historical Overview

The fundamental legislation related to gambling, the *Criminal Code* (Canada), was enacted in 1892. It codified the criminal common law and miscellaneous criminal law statutes. The legislation declared most forms of gambling to be illegal except for pari-mutuel racetrack betting (in which winnings are divided proportionally to the amounts individually wagered) and games of chance. The frequency of those activities was to be determined by each province. Games of chance during this period tended to be confined to major fairs and exhibitions.

By the 1920s, betting on horse races was active in Alberta. Amendments in 1925 formally exempted major fairs from some of the prohibitions against gambling.

In 1938, an amendment to the code permitted charities and religious groups to operate bingo on an occasional basis.

Casinos were introduced to annual summer fairs in Alberta in the 1960s. Only the federal government operated ticket lotteries or sweepstakes prior to 1970.

Between 1892 and 1970, the *Criminal Code* (Canada) provisions for gaming remained relatively unchanged. The most sweeping amendments to the *Criminal Code* regarding gaming occurred in 1970. In that year, authority to license and regulate gaming was transferred from the federal government to the provinces and the provinces could authorize provincial lotteries alone or in conjunction with one another.

The 1970s

The Province of Alberta's involvement with gaming activities began in 1970, after the *Criminal Code* was amended to authorize provincial lotteries. The first provincial lotteries were sweepstakes introduced by Edmonton Northlands and the Calgary Stampede in 1970. The two groups eventually formed the Alberta Division of the Western Canada Lottery Foundation (later Corporation). The Foundation was a partnership among the four western provinces to conduct and manage lotteries in western Canada. The Alberta Division was this province's provincial marketing organization for the Foundation.

The province also began to license eligible charitable groups to conduct and manage gaming activities in the 1970s, based on the provisions of the *Criminal Code*. Those activities included bingos, casinos, pull ticket sales and raffles. As required by the *Criminal Code*, the proceeds from these activities were only to be used for charitable or religious purposes. At first, local police services were responsible for licensing charitable groups. That role was transferred to the provincial government in 1973.

The province's first non-profit casino venue was established by the Kinsmen Club in Edmonton in 1975.

The Interprovincial Lottery Corporation was formed in 1975, allowing lotteries to occur across the country involving the respective member lottery organizations. The Western Canada Lottery Foundation became a member.

The Gaming Control Branch replaced the Lotteries Licensing Unit in 1976. It operated with three sections: Licensing, Audit and Investigations.

In 1979, under an agreement between the province and the federal government, the federal government agreed to withdraw from lotteries in Canada in return for payment of $24 million annually, indexed for inflation. The provinces, including Alberta, took over lotteries. The federal government withdrew entirely from regulating gaming activities except for pari-mutuel betting on horse races, which it continues to regulate.

The 1980s

In 1981, the Alberta Gaming Commission was formed and assumed responsibility for issuing gaming licences and for developing gaming policy. The Gaming Control Branch retained responsibility for licensed gaming enforcement including licence application review, audit and investigations. The Branch provided technical advice to the Commission on gaming matters and made recommendations to the Commission on eligibility of groups for licences.

The first permanent privately-operated charitable casino was established in Calgary in 1980, the second one in Edmonton in 1982.

Ticket lotteries evolved during the 1980s and included larger prizes. The popular Lotto 6/49 game was introduced.

Commercial-style bingo halls, introduced in 1979, gained popularity in the early 1980s. Soon, bingo began to generate more proceeds than casino or pull tickets. Sales from raffles were declining in the 1980s.

In 1985, the *Criminal Code* was amended and granted exclusive authority to the provinces to operate mechanical or electronic gaming devices.

The Alberta provincial government established the Lottery Fund in 1989. Alberta's net revenue from lotteries was deposited into the Lottery Fund.

The 1990s

The 1990s experienced a notable growth in the types of gaming and introduced electronic gaming. Video lottery terminals (VLTs) were tested and introduced to the province in 1991. Within two years VLTs generated more proceeds than the well-established ticket lottery program of the province.

Proceeds from charitable gaming appeared to be declining while the Lottery Fund was growing substantially. Some stakeholders involved with charitable gaming believed players of charitable gaming activities were being drawn away by VLTs.

Problem gambling awareness grew with increased research and public focus. Alberta Lotteries and Gaming commissioned the province's first report into the prevalence of gambling and problem gambling in the province in 1994.

The public began to question where lottery dollars were going. The Lotteries Review Committee was formed and held hearings in 1995 to address the allocation of lottery dollars, and also the impact of VLTs (for details see "C. Current Policies" of this section).

In response to a recommendation of the Lotteries Review Committee, the government announced it would honour the outcome of plebiscites in communities whose residents wanted VLTs removed from their communities.

In July 1995, the Alberta Gaming and Liquor Commission amalgamated all liquor and gaming regulatory, enforcement and marketing agencies; including the Alberta Gaming Commission, the Gaming Control Branch, Alberta Lotteries and Gaming and the Alberta Liquor Control Board. In July 1996, the Alberta Gaming and Liquor Commission would be formally established in the *Gaming and Liquor Act*.

Slot machines were first introduced into summer fair casinos and then, beginning in 1996, installed into permanent casino facilities and racing entertainment facilities.

The *Gaming and Liquor Act* was introduced in 1996, the first provincial statute to specifically deal with gaming activities (in addition to liquor activities).

Between February 1997 and October 1998, VLT plebiscites were held in communities across Alberta. The vast majority of municipalities voted to retain VLTs, although in a number of cases by narrow margins.

A second major public consultation occurred through the Lotteries and Gaming Summit '98, which has influenced the province's general approaches to lotteries and gaming activities. The summit, held in Medicine Hat in April 1998, discussed and addressed a number of issues regarding lotteries and gaming in the province.

The province's second report regarding the prevalence of gambling and problem gambling in the province was issued by AADAC in 1998. It replicated the 1994 study (to determine changes or trends in the intervening four years).

In 1998, the Bingo Review Committee was appointed to conduct a comprehensive review of the bingo industry, the first in more than 20 years. The Committee's report with findings and recommendations was submitted to the Commission in September 1999.

The Ministry of Gaming was formed in 1999, the first ministry in Canada dedicated to gaming activities.

The Gaming Licensing Policy Review was announced in December 1999. The Minister of Gaming directed that, during the review, the Alberta Gaming and Liquor Commission suspend consideration of requests to license or approve new casinos, casino expansions or re-locations, new games and new gaming environments.

Summary

Gaming has evolved in Canada from "…an activity socially tolerated only within narrow restraints to a broadly accepted leisure-time activity" (The Canadian Encyclopedia). Moreover, gaming has experienced dramatic changes throughout the world in the past 10 years. This coincides with the introduction of new technologies, which have permeated all aspects of life and commerce.

In Alberta, there continues to be strong demand by charitable gaming stakeholders to introduce or use electronic gaming technologies in their gaming activities. That includes electronic bingo and the introduction of new types of electronic games such as five-minute keno. The demand has been influenced largely by the belief new technologies are the wave of the future, shown by the demand for them by players. Electronic gaming devices must, under provisions of the *Criminal Code*, be conducted and managed by the provincial government.

The charitable demand and market preferences for charitable gaming activities and provincial lotteries, measured by the comparative revenues and proceeds generated among them, has changed over the past 30 years. For example, in the 1970s pull or break-open tickets and casinos generated most of the revenue among charitable gaming activities. In the early 1980s, when commercial-style bingo (association bingo) was introduced, bingo generated more revenue than any other charitable gaming activity. Soon after VLTs were introduced in the early 1990s, revenue from VLTs surpassed that of ticket lotteries. In the mid 1990s, casinos began to generate more proceeds than bingo as slot machines were introduced into casinos. Slot revenues also quickly surpassed that of ticket lotteries. Sales from bingo, pull tickets, ticket lotteries and raffles have all experienced declines.[2] These gaming activities, as with any mature products or services in the marketplace, have their own life cycles based in part on their customer base, the force of changing demographics and the introduction of new competing gaming activities and technologies, among other factors.

During the past three decades, the proceeds from charitable gaming and provincial lotteries have helped support many thousands of charitable, not-for-profit, public and community-based initiatives throughout the province. They have made significant contributions to the standard of living in the province. Charitable gaming proceeds are earned directly by eligible charities for use in approved charitable or religious purposes. Proceeds from provincial lotteries are placed in the Alberta Lottery Fund. Disbursements from the Alberta Lottery Fund are authorized annually by the provincial legislature and administered by the Commission.

There also has been growing awareness of the potential and real problems associated with gaming. As research has become more available within the last seven years, greater attention has been paid to creating awareness among players of the potential negative affect of gaming on their lives. In response to a recommendation of the Lotteries and Gaming Summit '98 for research in areas such as the social and economic impacts of gaming activities, the government established the Alberta Gaming Research Institute. In addition, the government expressed its commitment to ensure adequate funding of AADAC problem gambling programs and initiatives. The research institute and AADAC programs are funded by the Alberta Lottery Fund.

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[2] Since then, raffle ticket sales have rebounded, particularly with the introduction of large-scale raffles that offer total prize packages worth millions of dollars.

C. Current Policies

Legislation and Regulations

The current policies for gaming in the province are based upon the provisions of the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta) and the *Liquor and Gaming Regulation* (Alberta). Those provisions are discussed in more detail in the appendix entitled "Legislative Requirements and Considerations."

The *Criminal Code* provides the foundation for all gaming activities. This law "starts with the philosophy that all gambling is illegal unless specifically exempted through legislation in the Criminal Code" (Judge Peter Griffiths, 1992). For purposes of the Gaming Licensing Policy Review, the key *Criminal Code* exemptions are the provisions of Section 207(1) that permit the provincial government to:

(a) conduct and manage "lottery schemes" such as ticket lotteries and electronic gaming devices (the Code permits only provincial governments to conduct and manage electronic gaming devices such as video lottery terminals, slot machines and dice games);

(b) issue licences to eligible charitable and religious organizations to conduct and manage "lottery schemes" such as bingo, casino table games, raffles and pull tickets, but only if the proceeds are to be used for charitable or religious purposes; and

(c) prescribe terms and conditions related to the conduct, management and operation of a lottery scheme under the licences that it issues.

The *Gaming and Liquor Act* establishes the Alberta Gaming and Liquor Commission as the gaming authority of the province on behalf of the provincial government. The Commission is responsible to conduct and manage provincial lotteries such as ticket lotteries and electronic gaming devices and to administer and regulate charitable gaming activities such as bingo, casinos, raffles and pull tickets.

The *Gaming and Liquor Regulation* establishes the various types of gaming licences that may be issued by the Commission.

Influence of Public Consultations on Gaming Policies

Two major public consultations on gaming and lotteries in the province have influenced the administration and regulation of gaming, as well as numerous policies of specific gaming activities. The two consultations were the Lotteries Review Committee of 1995 and Lotteries and Gaming Summit of 1998.

Lotteries Review Committee

The Lotteries Review Committee, established by Premier Klein in 1994, consulted with Albertans about future directions for lotteries and gaming.

The Lotteries Review Committee, comprised of MLAs and chaired by Judy Gordon - MLA Lacombe Stettler, issued a report entitled *New Directions for Lotteries and Gaming* in August 1995. The report contained findings and recommendations. The objectives of the recommendations were:

> …to maintain a well-regulated and streamlined system, to return substantial benefits to communities, to respond to concerns with VLTs and to ensure that lotteries revenues continue to be used for the benefit of Albertans.

The committee arrived at a number of guiding principles to assist in developing recommendations and with future decisions about lottery funding. The principles are as follows:

- Projects approved for lottery funding should contribute positively to the quality of life in Alberta.
- The primary recipients of lottery funding should be charitable, non-profit organizations which benefit the community or the general public directly. Programs receiving lottery grants should benefit the whole province, not just the special interests of the individuals or organizations involved.
- Lottery funding should not be used to support essential ongoing programs. If a program is essential, it should be funded from the general revenues of government.
- Lottery funds should be reinvested back in the community to support volunteer organizations and improve the community's quality of life.
- The process for allocating lottery funds and the decisions which are made should be open and visible.
- A streamlined, simplified and efficient process for allocating lottery funds should be put in place to remove overlaps and duplication and improve accountability.
- Clear guidelines should be put in place to ensure that the allocation process is fair and unbiased.
- Future directions in lotteries must provide a balance between the need for revenues to support valuable community and volunteer initiatives and any further expansion of gaming in Alberta.

The government accepted, or accepted in principle, many of the recommendations made by the Lotteries Review Committee. Many of the key recommendations dealt with the administration of the Lottery Fund and the allocation of funds from it (for example, that lottery funds not be used for essential, ongoing programs of government). Other recommendations included using a portion of lottery fund proceeds to pay down the provincial debt rather than be directed to general revenues, to establish local community lottery boards to allocate funds to community priorities and to purchase technology for education and health.

Other recommendations dealt with addressing the impact of VLTs on community organizations. For example, one was to cap the number of VLTs in Alberta at 6,000 and another to honour the outcome of any municipal plebiscites regarding VLTs. The cap or maximum limit has remained in effect since 1995.

In response to the outcomes of municipal VLT plebiscites held across the province between February 1997 and October 1998, the provincial government passed Bill 36, *The Gaming and Liquor Amendment Act* (1999), which requires the Commission to remove VLTs from communities that voted to have them removed. The Commission has been prevented from removing VLTs from most of the municipalities that voted to remove them pending the outcome of the legal challenges, initiated by VLT retailers, which are currently before the courts.

These recommendations were adopted by the government. Others that dealt with specific gaming activities were also adopted, as discussed in this report in the sections that deal with the respective, specific gaming activities.

Lotteries and Gaming Summit '98

The Lotteries and Gaming Summit '98 was in response to Premier Klein's announcement to have an open and public forum on all aspects of gaming. The announcement fulfilled a recommendation of the Lotteries Review Committee in 1995 that "…the impact of the changes [in gaming] should be monitored on an ongoing basis and that the recommendations [of the report] should be reviewed in three years to assess whether further changes are needed."

The summit's tasks were to assess the public's perception of the status of gaming in Alberta and to arrive at recommendations for future lotteries and gaming activity.

Although there were extensive discussions on many aspects of lotteries and gaming during the summit, eight core recommendations were made during the summit process. Those eight core recommendations were adopted, or adopted in principle, by the government. They are as follows:

1. That the provincial government dedicate more resources to gaming research in areas like the prevention and treatment of problem gambling, the social impacts of lotteries and gaming, native gaming issues, and emerging gaming activities.
2. That gambling in all forms be restricted to people 18 years of age or older.
3. That the charitable model for operating casinos and bingo be maintained.
4. That gaming and lottery profits not be directed to the province's General Revenue Fund.
5. That all gaming and lottery profits collected by the province be directed to supporting charitable or non-profit community initiatives.
6. That the amount and public visibility of gambling addiction prevention and treatment programs be increased.
7. That lottery and gaming regulators and the provincial government improve accountability and disclosure of gaming activity in the province. This would include keeping citizens better informed of the amount, type, cost (social and financial), and benefits of gaming activity in the province.
8. That the Guiding Principles for lotteries and gaming in Alberta adopted by the provincial government be updated, upgraded, accepted, and adhered to.

The report of the summit noted: "While some people at the Summit and others through written submissions advocated banning gambling altogether (or at least certain types of games like VLTs), the majority believed lotteries and gaming have a place in Alberta if the public has ongoing input into the industry's operation and management."

Also noted was that: "As the participants [of the summit] became more educated about the issues surrounding lotteries and gaming, they saw a need for timely, proactive and well thought out government policy. They identified that a quick fix, band-aid solutions approach could well exacerbate problems in the longer run."

Guiding Principles - Gaming in General

A number of guiding principles have been adopted by the Commission which apply to all gaming activities, both charitable gaming activities and provincial lotteries. They include the following:

- **The integrity of gaming activities will be ensured.**
- **Gaming policies will reflect a commitment to social responsibility.**
- **Gaming policies are to benefit from sound research and consultation with the public and stakeholders.**
- **The collection and use of gaming revenue will be open and accountable.**
- **There will be standards of quality for gaming activities to: protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in the province.**
- **The guiding principles will be subject to review, to ensure they reflect Albertans' wishes.**

These guiding principles are dispersed in various documents, including the business plans of the Commission and the Ministry of Gaming (see the appendix "Business Plan"). References to specific guiding principles are in the annual *Charitable Gaming in Alberta* review document of the Commission, in the annual reports of both the Commission and the Ministry and the Commission's website. The first recommendation that follows in this section addresses these guiding principles in further detail.

Guiding Principles for Charitable Gaming Activities

Policies have been adopted by the Commission which apply exclusively to charitable gaming activities. They include the following:

- **The province is committed to maintaining the charitable gaming model, which allows qualified charitable groups to conduct and manage bingos, casinos, raffles and pull tickets.**

Explanation - This is in response to the third recommendation of the Lotteries and Gaming Summit '98, "That the charitable model for operating casinos and bingos be maintained." The charitable model, although primarily comprising revenues from casinos and bingos, also includes raffles and pull tickets. See page 3-3 for further information about the charitable gaming model.

- **The financial return to charities from gaming activities will be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs or activities are undertaken.**

  Explanation - The fundamental purpose for charitable gaming activities is to support, through the proceeds raised, charitable or religious purposes. This is required by the *Criminal Code*. The private sector, including private suppliers, operators and retailers, complements this purpose by helping to ensure the efficient delivery of gaming services so charities may obtain reasonable returns. The policies of the Commission also ensure the costs for the services and space provided by private operators or retailers for gaming activities are fair and reasonable.

- **There should be fair and equitable access to charitable gaming licences by qualified groups.**

  Explanation - The Commission's licensing policies, processes and procedures are designed to ensure access to charitable gaming licences (for the activities identified in the previous point) is fair and equitable to those charities that meet the eligibility requirements.

As stated previously, each gaming activity is accompanied by its distinct policies established by the Commission. Those policies are addressed under the respective sections of this report (for example, "Casinos," "Video Lotteries," "Bingo," etc.). The specific policies reflect the distinct methods of delivering each of the various gaming activities, the demand by charities to conduct the activities and the way in which proceeds are obtained.

Guiding Principles for Provincial Lotteries

The guiding principles that apply specifically to provincial lotteries (ticket lotteries, slot machines and VLTs) are the following:

- **All proceeds from provincial lotteries are placed in the Alberta Lottery Fund and used to support specific charitable, not-for-profit, public and community-based initiatives and projects.**

  Explanation - All proceeds from provincial lotteries are placed in the Alberta Lottery Fund and designated for specific public and community-based initiatives by the provincial legislature rather than deposited in the General Revenue Fund. This is in response to the fourth and fifth recommendations of the Lotteries and Gaming Summit '98, as follows: "That gaming and lottery profits not be directed to the province's General Revenue Fund" and "That all gaming and lottery profits collected by the province be directed to supporting charitable or non-profit community initiatives."

It should be noted that charitable gaming proceeds earned by the charities that conduct and manage those licensed gaming activities are paid directly to those charities and are not are placed in the Alberta Lottery Fund.

- **There will be full public disclosure of all activities related to the Alberta Lottery Fund.**

  Explanation - The Commission is responsible for the administration of the Alberta Lottery Fund, including collection of revenues and disbursement of revenues according to an appropriation act of the provincial government. As such, the amounts and distribution of the proceeds are fully accounted for through the budget process of the government.

- **The Commission will be a responsible steward of the assets entrusted to it on behalf of the provincial government.**

  Explanation - The Commission conducts and manages provincial lotteries. In so doing, it must be a responsible steward of those assets used to generate proceeds to the Alberta Lottery Fund, such as electronic gaming devices, as well as all other assets that are entrusted to the Commission. The assets must therefore be maintained effectively and efficiently, and return the greatest possible benefit for Albertans.

D. Summary of Findings – Public Views, Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives regarding gaming in general and gaming policies.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

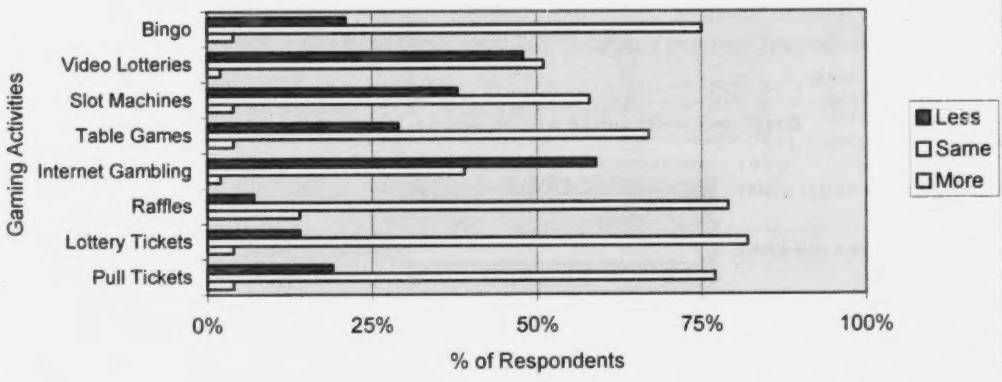
Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

When asked about the issues facing people in Alberta, only 1% of respondents mentioned gaming or gambling as the most important issue. This compares to 67% who mentioned healthcare, 24% education and 12% taxes. Nevertheless, when asked about gaming Albertans did express a range of opinions.

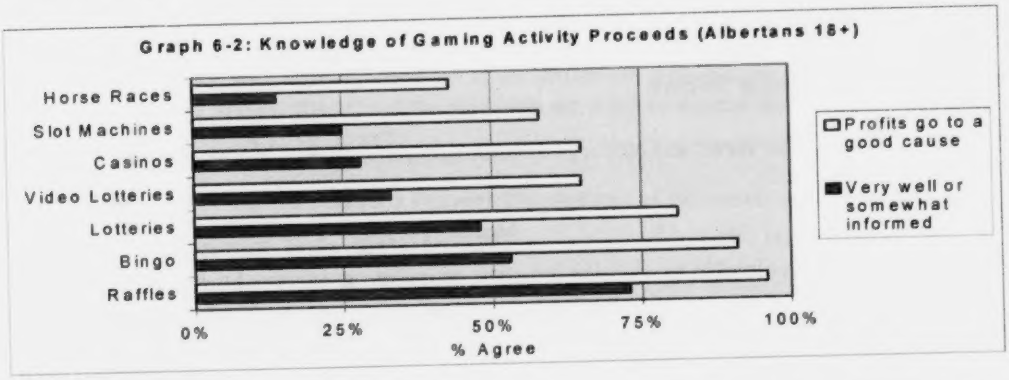
While Albertans are concerned about the potential problems, most (79%) somewhat or completely agree it is up to each individual to be responsible for their own gambling behaviour.

Graph 6-1: Desired Availability of Gaming Activities (Albertans 18+)



Also, most Albertans have also indicated the current availability of gaming activities should remain the same. Significantly fewer Albertans felt the availability of gaming activities should be reduced or increased.

Generally, Albertans indicated they are unaware of how gaming proceeds are used, but believe proceeds go to good causes. The highest awareness of the use of proceeds were mentioned for raffles and bingo. Less awareness was indicated for electronic gaming and horse racing.



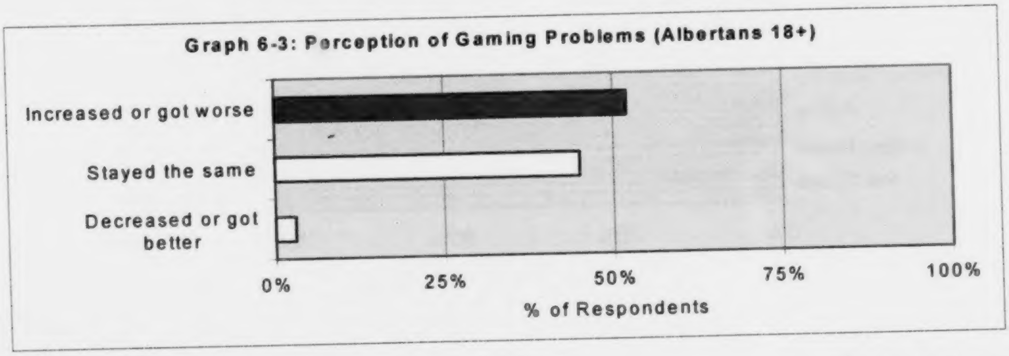
Many Albertans believe more money should be spent to inform Albertans about the use of lottery proceeds. Less than 20% could recall having seen or heard anything about where gaming proceeds go. Of those who indicated they did not know where the proceeds go from gaming activities, about half think the proceeds go to government and 33% to charities.

Most indicated proceeds should be directed to charities (35%), health care (29%), education and schools (23%), community organizations (21%), community facility enhancement (15%), sports and recreation (14%), among others.

A large percentage of Albertans believe funds should support charitable activities. Many are not aware of how proceeds from many gaming activities are being used, nor are they aware of which organizations operate the gaming activities. Opinions varied as to who should be doing so.

The ideal features in gaming facilities for a large majority of respondents are security and a clean, modern environment. Other features also rated highly were spacious surroundings, convenient parking, easily identifiable staff and non-smoking sections.

About half of Albertans believe problems associated with gambling in the province have increased over the past year and about half believe the problems have remained the same.



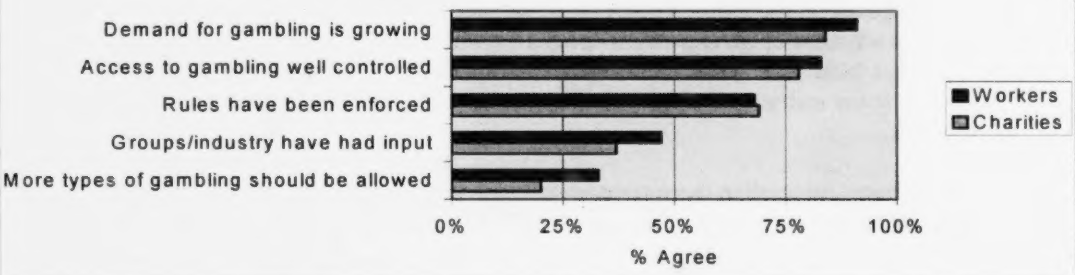
Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups. A representative survey of charities in the province and gaming workers was also conducted.

Industry Stakeholders

Both charities and gaming workers believe demand for gaming in the province is growing and the access to gaming is well controlled and regulated. A majority also feel the rules have been enforced consistently. Fewer than half of the charities and workers surveyed believe they or the industry have had input into gaming policies. And only one third of workers, and 20% of charities, believe more types of gaming should be allowed in Alberta.

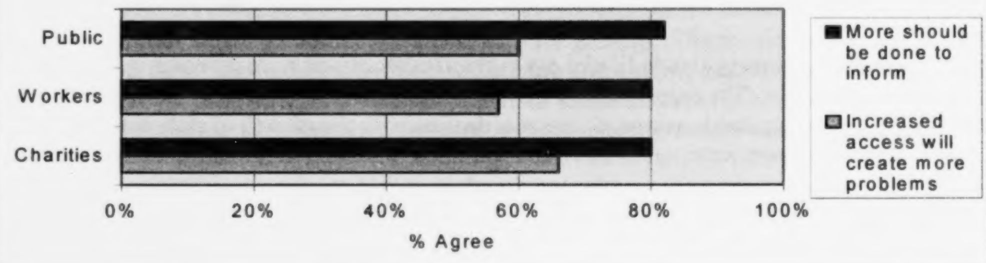
Graph 6-4: Attitudes on Regulation (Gaming Stakeholders)



More than half of charities and gaming workers (in casinos and bingos) believe increasing accessibility of gaming activities will create more problems than it is worth. They believe more should be done to inform Albertans about proceeds, consistent with the views of Albertans in general.

Of existing gaming activities, the highest response by charities and workers to decrease the availability of a gaming activity was directed at VLTs (about 50% of charities and gaming workers indicated VLTs should be less available, consistent with the percentage of Albertans who feel the same way).

Graph 6-5: Gaming Attitudes and Awareness (Gaming Stakeholders)



A number of stakeholders felt the eligibility of charities for gaming licences in general should be carefully reviewed, suggesting some groups that deserve a charitable gaming licence are unable to obtain one. A view was also expressed that some less deserving groups continue to be issued charitable gaming licences at the expense of other more deserving charitable organizations.

A bingo industry representative indicated the challenges facing the Commission are credibility and consistency and there needs to be a definite plan rather than ad hoc development of the bingo industry. The representative believed there has not been fairness when considering the number of new casinos, VLTs and slots the Commission has approved (the maximum limit of VLTs operating in the province is 6,000, a limit that has been in effect since 1995). By comparison, it was pointed out by the bingo industry representative only satellite bingo, loonie pots and some progressives games (in which prizes accumulate until they are won) have been introduced to bingo halls.

Another bingo association representative felt bingo is overly controlled and regulated. The representative felt the bingo industry is competing with casinos who are drawing bingo players. It was felt bingo halls are entertainment centres and should be allowed to offer players a diversity of games with fewer restrictions and regulations should not be designed to protect weak bingo associations.

A bingo industry association representative felt any decision the Commission makes in one gaming activity has impacts on others.

A hotel industry representative that VLT revenues should be included in the charitable gaming stream (government's revenues from VLTs are placed in the Alberta Lottery Fund), so the public has a better idea of how the revenues are being used and benefiting the community. Moreover, there would be a more positive response in the community if the proceeds went directly to community groups. It was felt more could be done to communicate how the Commission and industry are addressing the issue of problem gambling. The hotel industry representative supports having ongoing communications between the industry and the Commission on gaming matters.

A horse racing industry representative felt an integrated gaming strategy is needed to address cannibalization, that is, the representative believes the racing industry has been negatively affected by the introduction of slots and VLTs (recognizing that racing entertainment centres have slots). It is felt an overall gaming strategy that includes horse racing would be beneficial and any further expansion in the gaming industry will hurt horse racing in the province.

A major exhibition representative indicated agricultural associations were pioneers in the gaming industry of the province. The representative believes challenges for the Commission include ensuring charities get equitable access to revenue, dealing with the growth of slots and VLTs, capitalizing on the growth potential of electronic games and helping to revitalize the horse racing industry. The exhibition serves the public and therefore should receive consideration for more slot machines in its racing entertainment centre.

A representative of another major exhibition felt an issue is accurately defining who a charity is. Without a way to measure the performance of charities, it was felt some charities do little work of proven value yet are obtaining the same amount of funding as groups doing great work. It was felt the Commission's biggest challenge is keeping everyone in the industry happy.

The representative indicated they want more consistency from the Commission in various areas, including consulting with stakeholders, communicating changes to policies in advance and enforcing or applying existing gaming policies.

An agricultural society representative indicated the marketplace will determine the limit to growth and, as long as people have disposable income, they will keep playing; placing caps on gaming activities will not stop them.

A representative of a gaming industry association raised the question of the role of industry and government in setting gaming industry standards, citing a U.S. state association that sets its own standards. It was felt the market should decide whether there is a capacity for more gaming facilities in the province and more information about the benefits of gaming should be communicated to the public.

Some gaming operators indicated it is important for rules to be consistently applied. They want some assurances of certain rules and limits to be in place, to have a game plan for the industry. It was felt there is room for carefully planned expansion of facilities and games under existing rules. They felt the Commission was doing a good job in regulating the industry.

Municipalities and Police Services

A representative of a municipal association felt it is important to maintain the credibility and integrity of the charitable model of gaming. The representative favours more equitable access of rural communities and small municipalities to the proceeds from gaming.

The representative of an urban centre indicated there was room for gaming facility expansion in the city. Questions were raised about how to measure the impact on charitable gaming activities, such as bingo, due to VLTs and casinos (casinos are another form of charitable gaming). It was felt maintaining the security of growing gaming activities is important, and the stringent approval process for new casinos should be made more visible to the public.

A representative of another urban centre indicated ongoing consultations regarding gaming are important and valuable. It was felt the Commission generally was doing a good job of balancing growth and social responsibility. More information was needed about the extent of gambling problems in municipal jurisdictions.

Another municipal representative felt the charitable model of gaming is strongly supported. It was felt having VLT revenues go directly to charities, as is the case with proceeds from charitable gaming activities, would garner more support for VLT gaming. The municipal representative expressed the view money should be spent identifying and treating gambling problems through AADAC. More should be done to educate Albertans about the benefits of gaming. It was also felt First Nations casinos should have the same rules as other casinos, a view expressed by other municipal representatives during the consultations.

The representative of an urban municipality felt more should be done to address problem gambling and the negative impacts of gaming which has grown significantly in the past decade. It was questioned whether gaming provided net benefits or costs. The representative believed gaming was not sustainable in the longer term in regard to adding value to the province.

Representatives of various police services would like a better handle on the impact or cost of gaming in the province. One police service representative felt striking the right balance between social responsibility and growth means having information and a full cost benefit analysis, which would probably take years to obtain.

Police service representatives generally indicated they did not have resources to focus on gaming-related criminal activity and would be open to joint operations with the Commission to cooperatively address crime. A representative of one police service was concerned an expansion of casino gaming will result in more indirectly related criminal activities and violent crime. Another representative indicated more resources are needed to address policy and prevention programs related to gaming.

Services Agencies and Public Advocacy Groups

A public advocacy group representative feels public consultation is needed prior to any expansion of gaming. It was felt more money should be spent on education and treatment related to problem gambling, as well as advertising to inform Albertans why they should or should not gamble, focusing on responsible gambling behaviour. The representative felt the Commission is doing a good job in balancing public and special interests, but also believes an organization generating significant revenue from gaming is bound to be biased in its regulatory role. It was felt the charitable model of gaming, distinct to Alberta, emphasizes the integrity of gaming in the entire industry. The direct involvement of volunteers and charities helps keep the system transparent.

A problem gambling treatment agency representative felt more money should be spent to fund education, prevention and treatment programs for problem gambling. The agency's role is to promote an individual's sense of responsibility in gaming activities. That means making resources available so information may be provided to people, telling them they have options to make a personal choice in changing their own behaviour. It was felt ongoing stakeholder consultation respecting gaming activities is important. The representative believed an integrated approach to problem gambling treatment is important and should include issues or problems related to First Nations as on-reserve casinos may be developed. It was accepted new games may be introduced to the province because consumers like change, but there are concerns about who will be targeted. The representative cited a gaming program in another province that appears to target young people and would not want that to happen in Alberta.

A compulsive gambling organization felt more funding should be provided for problem gambling detection and treatment. A representative felt VLTs should be removed from bars and lounges and placed in casinos to restrict access to gaming. The representative indicated they have a hard time getting their message out when so much advertising is done to promote lotteries. The issue for them is the funding to do their work. The representative felt when gambling hurts people, a stand should be taken to address it. It was felt money was too readily accessible through cash machines to gamble in VLT locations and casinos. The representative said the government should await the outcome of research into the social and economic costs of gaming before going ahead with expansion.

Summary

Each stakeholder group has its own distinct set of concerns, issues and priorities respecting gaming in the province. Despite the diverse opinions that were expressed, common themes emerged across all stakeholder groups. These views were instrumental in the development of general gaming licensing policy recommendations.

A few of the common themes among stakeholders was more should be done to communicate the use of proceeds from gaming activities to Albertans, as well as providing information about what is being done to address problem gambling. Many felt more data was needed about the extent of potential problems from gaming in the province. A better job could be done to consult and communicate with stakeholders.

The general view among stakeholders is the gaming industry is well controlled and regulated. The key aspects of the province's charitable gaming model are widely supported. Fair, equitable and consistent policies are important to stakeholders, as is a level playing field.

Stakeholders' issues and views regarding specific gaming activities were important in developing recommendations to address those issues.

E. Primary Issues and Recommendations

The recommendations that follow address primary issues identified during the Gaming Licensing Policy Review that affect all gaming activities or a number of gaming activities. Recommendations that apply to specific gaming activities appear in the appropriate sections of this report (for example, under "Casino," "Video Lotteries," "Bingo," etc.).

GUIDING PRINCIPLES

Guiding principles refers to an overall policy direction the Alberta Gaming and Liquor Commission may follow in administering and regulating gaming activities in the province.

POLICY POSITION:

1. **Gaming activities will be conducted and managed in accordance with the Guiding Principles for Gaming.**

   Various guiding principles have been adopted by the Alberta Gaming and Liquor Commission and the Ministry of Gaming and are used to guide the development of specific gaming policies. These guiding principles have been in response mainly to the Lotteries and Gaming Summit '98 recommendations.

GENERAL RECOMMENDATION - 1

- **Formally adopt a consolidated set of Guiding Principles for Gaming in Alberta.**
  Comment - The guiding principles for gaming are presently dispersed in various documents of the Alberta Gaming and Liquor Commission and the Ministry of Gaming, for example, in the business plans of the Ministry and Commission, the annual reports of both the Ministry and Commission and in the Commission's annual charitable gaming reports. These incorporate the guiding principles as recommended at the Lotteries and Gaming Summit '98. Having the guiding principles in one document will improve accountability of the Commission and the transparency of gaming policy development.

  The recommended Guiding Principles for Gaming in Alberta are listed below:

  1. **The integrity of gaming will be ensured.**
     Explanation:
     - Gaming activities must comply with the *Criminal Code*, the basis for gaming legislation and regulation in Alberta and across the country, and with the province's *Gaming and Liquor Act* and *Gaming and Liquor Regulation*.
     - The Commission seeks to ensure, as a part of its mandate, the integrity of gaming is maintained through ongoing reviews of gaming activities, the licensing process and enforcement of policies, procedures and terms and conditions related to gaming.

- The integrity of gaming refers to the requirement that everyone who participates in gaming activities has a fair chance to win. Such integrity is essential to gain public confidence and trust in the conduct and management of gaming activities.
- The Commission will collaborate with other enforcement agencies to prevent criminal involvement in gaming and to provide safe environments for gaming in the province.
- Electronic gaming devices will be strictly controlled by the Commission to comply with the *Criminal Code*. All electronic gaming devices will be tested by an independent gaming laboratory. Such devices in the province will be carefully monitored, for example, through the use of a central computer monitoring system. Electronic gaming devices will be managed by the Commission to ensure their integrity.

(KEY SOURCES: *Ministry Business Plan, 2001-04; Commission Business Plan, 2001-04; Commission Annual Report 1999-2000; Ministry Annual Report 1999-2000; Commission's Charitable Gaming in Alberta: 1999-2000 in Review.*)

2. **Gaming policies will reflect a commitment to social responsibility.**

Explanation:

- The province's gaming policy will achieve a balance between social responsibility and economic benefits to Albertans.
- Gaming authorities will partner with the gaming industry and the Alberta Alcohol and Drug Abuse Commission (AADAC) to encourage responsible gambling among those who decide to participate in this activity.
- The funding of problem gambling prevention, education and treatment programs is a priority of the government and funded through the Alberta Lottery Fund.

(KEY SOURCES: *Ministry Vision, Business Plan 2001-04; Commission Vision and Mission, Commission Business Plan 2001-04; Commission Annual Report 1999-2000.)*

3. **The financial return to eligible groups from charitable gaming is to be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs or activities are undertaken.**

Explanation:

- The government is committed to maintaining the charitable gaming model of the province.
- This model allows eligible charitable and religious groups, licensed by the Commission, to earn proceeds directly from the gaming activities they conduct.
- Charitable gaming activities are casinos, bingos, raffles and pull ticket sales.

- Through appropriate policies, procedures and terms and conditions, the financial return to eligible groups from charitable gaming are to be maximized for the benefit of the charitable and religious groups, the programs and activities they deliver and the communities in which these activities are undertaken. For example:
    - expenses to operate charitable gaming activities will be reviewed by the Commission on a regular or ongoing basis, to ensure such operating expenses are fair and reasonable; and
    - the proceeds from charitable gaming activities must be used for charitable or religious purposes that are approved by the Commission. Charities are required to report their use of proceeds from gaming activities to the Commission.

    (KEY SOURCES: *Commission core businesses, goals and key strategies, Business Plan 2001-04; Charitable Gaming in Alberta: 1999-2000 in Review; Commission's Annual Report 1999-2000.)*

4. Gaming policies will be supported by sound research and consultation with the public and stakeholders.

Explanation:

- The Ministry of Gaming supports leading-edge research on gaming issues in Alberta.
- The development of gaming policies will benefit from sound and pertinent research related to the social and economic costs and benefits of gaming activities in Alberta, gaming trends and the prevention and treatment of problem gambling.
    - The Alberta Gaming Research Institute has been formed to conduct the identified research. The institute is a consortia of three universities in the province funded through the Alberta Lottery Fund.
- The gaming practices in other jurisdictions will be monitored and the Ministry will develop and implement benchmarks and best practices.
- Public reviews of the framework for gaming activities or policy direction will be conducted to ensure the activities or direction are consistent with the general wishes of Albertans.
- Consultation with stakeholders, those directly involved in the gaming industry or collateral areas, will be conducted regarding operational or specific licensing or policy-related issues. Among others, stakeholders include members of the charitable sector, the gaming industry, First Nations, problem gambling treatment and service providers, municipalities in the province and police services.

(KEY SOURCES: *Commission Values, Business Plan 2001-04*; *Ministry's core businesses, goals and key strategies, Business Plan 2001-04*; *Commission's Annual Report 1999-2000.*)

5. **The collection and use of gaming revenue will be open and accountable.**

   Explanation:
   - Albertans are entitled to know how gaming revenue is earned or received by the charitable sector and by the government and how such revenues are used.
   - The revenue earned by charities from charitable gaming must be accounted for through financial reports to the Commission.
   - The government accounts for the use of Alberta Lottery Fund revenue through the annual budget process of government. Beneficiaries of the revenue must account for the use of dollars received from the Alberta Lottery Fund.

   (KEY SOURCES: *Ministry's Mission, Business Plan 2001-04; Commission Mission, Business Plan 2001-04; Ministry's Annual Report 1999-2000*; *Commission's Annual Report 1999-2000.*)

6. **Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in the province.**

   Explanation:
   - Standards of quality in gaming help to ensure gaming activities are conducted with integrity, provide entertainment value to Albertans who choose to gamble and help keep gaming dollars in the province.
   - The Commission is committed to reviewing its business practices regarding the licensing of charitable gaming activities to ensure customer satisfaction.
   - The quality of gaming is determined in part by consumer research, to ensure gaming activities offered in the province appeal to Albertans who choose to gamble, and through performance standards of gaming activities conducted and managed by the Commission.

   (KEY SOURCES: *Commission's Business Plan 2001-04*; *Commission's Annual Report 1999-2000.*)

7. **The guiding principles for gaming will be subject to review, to ensure they reflect Albertans' wishes.**

   Explanation:
   - Albertans are to be consulted with respect to major gaming policy initiatives. These guiding principles for gaming policy development may be amended in keeping with Albertans' wishes or desires.

   (KEY SOURCES: *Ministry's Mission, Business Plan 2001-04.*)

GENERAL RECOMMENDATION - 2

- **Develop and implement a communications strategy to inform the public and stakeholders of the guiding principles by which gaming activities are administered and regulated.**
  Comment - The Alberta public should be aware of the underlying principles for gaming policy development as a matter of accountability and transparency. Anyone who wishes to do business in the area of gaming in the province should also be aware of them. That includes stakeholders when developing their respective proposals or requesting changes to gaming policies.

B. PUBLIC INTEREST, SOCIAL RESPONSIBILITY

POLICY POSITION:

1. Gaming activities will be delivered in a socially responsible manner.

Albertans expect gaming activities to be delivered in a socially responsible manner.

Regulating gaming allows the Commission not only to preserve the integrity of gaming activities, but also allows it to ensure social responsibility requirements are being met. The Commission has worked closely with the Alberta Alcohol and Drug Abuse Commission (AADAC) to introduce measures or programs to address problem gambling. Among them, licensed gaming facilities and venues with VLTs are required to post information about problem gambling treatment and counseling services. Problem gambling awareness training has been provided to staff of casinos and VLT retailers. The Casino Voluntary Self-Exclusion Program was recently launched (see also the appendix "Social Responsibility").

GENERAL RECOMMENDATION - 3

- **Require that problem gambling awareness training – developed and delivered by AADAC or other qualified organizations in cooperation with the Commission – be compulsory for staff of licensed gaming facilities, dedicated gaming venues, and VLT retailers.**
  Comment - The staff of licensed gaming facilities, venues dedicated to gaming and VLT retailers should be required to receive problem gambling education programs similar to those that have already been developed and provided to staff of casino facilities and at VLT locations. Increasing the level of awareness among gaming workers is an important step in developing solutions to deliver gaming activities in a socially responsible manner.

GENERAL RECOMMENDATION - 4

- **The government must commit to the ongoing funding of problem gambling initiatives.**
  Comment - Problem gambling initiatives are funded by the Alberta Lottery Fund. Such initiatives include problem gambling treatment, prevention, education and the promotion of problem gambling services.

Disbursements from the Alberta Lottery Fund are approved by the provincial legislature through the annual government budget process.

GENERAL RECOMMENDATION – 5

- **Use new or existing technology in a manner that supports socially-responsible gaming behaviour within gaming venues.**
  Comment - Proven responsible gaming features should be incorporated into new electronic gaming devices purchased by the Commission, including video lottery terminals and slot machines. Such features have been suggested by problem gambling stakeholders and researchers as one way to minimize or reduce the potential harm to problem gamblers who play electronic gaming devices. The Commission would work closely with AADAC in this initiative.

  Automatic teller machines (ATMs) should be sufficiently apart or away from the playing area in licensed gaming facilities or other gaming venues. This would result in a clear interruption of play for the player who wishes to obtain cash from the ATM to continue play. Problem gambling information should be prominently displayed at or through the ATM. The policy to prohibit the providing of credit by gaming facility licensees or retailers should continue to apply. Cash call agreements between the retailers and financial institutions should be reviewed to ensure they meet Commission guidelines for not extending credit to gamble. At the same time, it is also recognized most people who do engage in gaming activities do so for entertainment and expect to have reasonable access to amenities and services.

POLICY POSITION:

2. For accountability and transparency, Albertans must be kept informed about the use of proceeds from gaming activities.

Albertans believe more should be done to provide information regarding the use of proceeds from gaming activities. Most Albertans have little knowledge or awareness as to the use of proceeds, in particular the use of proceeds from the Alberta Lottery Fund.

GENERAL RECOMMENDATION - 6

- **Develop and implement a communications strategy to increase awareness of the use of Alberta Lottery Fund proceeds.**
  Comment - Albertans and stakeholders generally feel more should be done to inform Albertans about where gaming proceeds go, including the proceeds generated by slot machines, ticket lotteries and VLTs. All proceeds to the Alberta Lottery Fund must be allocated to specific charitable, non-profit, public and community-based initiatives. Among other uses, Alberta Lottery Fund proceeds fund the problem gambling programs and services of AADAC.

C. ACCESSIBILITY, AVAILABILITY AND EXPANSION OF LICENSED GAMING FACILITIES AND RACING ENTERTAINMENT CENTRES

The recommendations in this part C. apply to existing and any future licensed gaming facilities. Currently there are two types of licensed gaming facilities in Alberta. They are:

- *The licensed bingo facility* (or bingo association hall) - In which bingo events may be held up to seven days per week. There are 59 bingo association halls throughout Alberta.

- *The licensed casino facility* - A permanent facility in which casino events may be held up to seven days per week. There are 16 casino facilities throughout the province.

The licences for both types of facilities are issued by the Commission pursuant to the *Gaming and Liquor Regulation*. Those licences authorize the operation of a facility in which either a bingo or casino event may be conducted. Both types of facilities are dedicated to the gaming activities for which they have been authorized.

Licensed gaming facilities will also include racing entertainment centres (RECs), dependent on an amendment to the *Gaming and Liquor Regulation*. There are two RECs in the province affiliated with two racetracks. The RECs are intended to help revitalize horse racing in the province as part of the Racing Industry Renewal Initiative. RECs currently operate under an agreement between the race track operator and the Commission.

Thousands of eligible and licensed charities conduct gaming events in licensed gaming facilities each year to raise funds for their approved charitable purposes. Casino facilities and RECs also contribute to the Alberta Lottery Fund through the proceeds generated from the slot machines in those facilities.

The following venues do not require a gaming facility licence:

- *Community halls or other venues in which community (non-association) bingo events are held* - Charities that obtain a bingo event licence from the Commission may hold bingo events up to three days per week in their venues, which do not need to be licensed.

- *Bars and lounges with video lottery terminals (VLTs)* - The retailers who operate VLTs hold a Class A Minors prohibited liquor licence (bars and lounges) and operate the VLTs under a separate agreement with the Commission. The location is licensed for the sale and consumption of liquor on premises and is not a licensed gaming facility. The number of VLTs operating in the province is limited to a maximum of 6,000. Furthermore, the Gaming Licensing Policy Review is recommending that accessibility of VLTs be reduced (see the recommendations in the section "Video Lotteries").

- *Ticket lottery outlets* - These include retailers that operate from convenience stores, drug stores, mall kiosks, etc. and are authorized to sell lottery tickets under an agreement with the Commission and Western Canada Lottery Corporation (WCLC). These venues do not need to be licensed by the Commission.

- *Venues in which the charities are licensed to sell pull tickets* - The eligible charity receives a pull ticket licence from the Commission to sell pull tickets from an acceptable location, typically the venue from which the charity offers its services (for example, a Legion hall).

Views of Albertans

The majority of Albertans, when asked about specific gaming activities, generally feel the availability of gaming activities should remain the same. A smaller number have indicated the level should increase, while others feel there should be less availability.

Albertans also expect the government control the growth of gaming activities, manage gaming activities in a socially responsible manner and ensure the integrity of gaming activities. Albertans support the use of proceeds from gaming activities for charitable, not-for-profit, public and community-based initiatives throughout the province.

Players are key stakeholders who support charitable activities by participating in gaming activities. Those who choose to engage in gaming activities in the province have indicated their preference for safe, clean and modern gaming environments. The Commission has adopted a guiding principle that gaming will be a quality entertainment experience for players, aimed at providing entertainment value to players, as well as at maintaining the integrity of gaming activities and helping to keep gaming dollars in the province.

POLICY POSITION:

1. Community views will be instrumental in deciding the extent of expansion of licensed gaming facilities permitted within the community.

The Commission continues to receive requests for the growth or expansion of licensed gaming facilities. Such requests are submitted by charitable organizations, First Nations, private service providers and by those who wish to become involved in the gaming industry in the province.

The term "expansion" as used in this section refers, but is not restricted, to the following concepts:

- ***The approval of a new licensed gaming facility in a community*** - In communities that already have one or more licensed gaming facilities, a new licensed gaming facility refers to the addition of another licensed gaming facility. In communities without a licensed gaming facility, a new licensed gaming facility refers to the introduction of a licensed gaming facility to the community.

  As recommended elsewhere in this report, licensed gaming facilities will be required to meet or exceed specific standards. See the respective sections of this report (the Bingo section of this report recommends standards for bingo association facilities, the Casino Gaming section for those related to casino facilities, and the Slot Machine section for those related to casinos and RECs).

- ***The major relocation of an existing licensed gaming facility*** - A relocation refers to the move of a licensed gaming facility from one location to another. Expansion in this case refers to a major relocation intended to capture a new or different player base or market area. It does not refer to the relocation of a licensed gaming facility in close proximity to the existing location for purpose of attracting essentially the same player base or serving the same market area.

  The relocation of an existing licensed gaming facility may be prompted by a number of reasons or circumstances. Among others, the loss or expiry of a lease, obtaining a better lease arrangement or to improve the general gaming environment of the facility. It may involve a move in close proximity to the existing location, a move across town to capture a new or different market area or to another community. The proposed relocation may be to an industrial or commercial area, or one adjacent to a residential area.

- ***An increase in the size of an existing licensing gaming facility*** – An expansion in the size of a facility may be prompted by a variety of reasons. They include, among other reasons, a facility licensee's desire to better accommodate increased player demand, to improve the appearance and space within the facility and/or to offer more gaming activities to attract more players or otherwise increase the market area of the facility.

GENERAL RECOMMENDATION - 7

- **Approvals for a new licensed gaming facility will involve five major steps, as follows:**

  Step One - Initial Assessment
  The Commission will initially assess a proponent's proposal for a new licensed gaming facility to ensure it meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the Commission will advise the municipality, or band council in the case of a proposed on-reserve casino, about the proposed facility and the Commission's review/approval process for new licensed gaming facilities.

  Step Two - Community Support
  Community support, through expressed consent, is required to initiate the next step in the approval process. Expressed consent would be a resolution of municipal council in support of the new facility or, in the case of a proposed on-reserve casino, a band council resolution in support of the facility.

Step Three - Request for Proposals (RFP)
To obtain the best possible proposal, the Commission will issue a request for proposals (RFP) for a new licensed gaming facility in a community if the requirements of the previous two steps are met. The RFP will be based on transparent, specific and stringent standards and criteria.

Step Four - Investigation
The Commission will conduct an investigation into the proponents and other key persons associated with the best proposal. The investigation is to ensure criminal interests, or those who would be a detriment to the integrity or lawful conduct of gaming, do not become involved with gaming in the province.

Step Five - Licensing
The Board of the Commission will review the proposal and results of the investigation following from Step Four. If all the requirements for a gaming facility are met, including legislative, regulatory, policy and municipal requirements, then a facility licence will be issued to the successful applicant with the Board's approval.

The five recommended steps are explained and described in further detail below, and depicted in "Figure 6-1: Approval Process for New Licensed Gaming Facility."

DETAILS OF THE FIVE RECOMMENDED STEPS FOR NEW LICENSED GAMING FACILITIES:

Step One - Initial Assessment
The Commission will initially assess a proponent's proposal for a new licensed gaming facility to ensure it meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the Commission will advise the municipality, or band council in the case of a proposed on-reserve casino, about the proposed facility and the Commission's review/approval process for new licensed gaming facilities.

Comment – The first step requires a proponent to submit a proposal to the Commission. The Commission will conduct an initial assessment of the proposal to ensure the basic criteria, as identified in the recommendation, are met. If the proposal has merit, the Commission will initiate the next step, Community Support.

Step Two - Community Support
Community support, through expressed consent, is required to initiate the next step in the approval process. Expressed consent would be a resolution of municipal council in support of the new facility or, in the case of a proposed on-reserve casino, a band council resolution in support of the facility.

Comment - The Commission's current process of review and approval for new facilities is triggered by the proponent of gaming expansion. The Commission, guided by its policy criteria, responds to the proposal, as does the local authority through its local zoning or development bylaws.

The proposed recommendation gives local communities a more prominent role in determining whether a new facility should be approved. It allows the community to determine whether a new licensed gaming facility is acceptable in its community before any consideration will be given by the Commission to a specific proposal for a new licensed gaming facility. In effect, the consent of the local community becomes the trigger or first step by which the Commission will further consider any proposal for a new facility.

This process also allows the community to consider the merits of a new licensed gaming facility through the information provided regarding the proposed facility.

In this recommendation, the Commission will advise the municipality or band council, as the case may be, about the proposals and steps for approval. Expressed consent is a special resolution of the local municipal council (or First Nation band council in the case of a proposed on-reserve gaming facility). It is expected the expressed consent provided to the Commission would include not only the support of the municipal council for a new facility, but also identify or indicate the level of support for a new licensed gaming facility in the community by residents and charities.

For example, the local council, if satisfied with the information in the proposal, may rely solely on that information when making the decision to provide expressed consent. Furthermore, the local municipal council may wish to ascertain acceptance through any of a variety of additional processes that it deems to be appropriate, in addition to the information provided by the proponent. They may include a telephone survey, public forum, etc.

To summarize, expressed consent includes the expressed support of the local municipal (or band) council for a new licensed gaming facility, information that indicates the level of support of residents and charities and the essential features and concept of the proposal. Without expressed consent, the Commission will not consider a proposal further.

Step Three - Request for Proposals (RFP)

To obtain the best possible proposal, the Commission will issue a request for proposals (RFP) for a new licensed gaming facility in a community if the requirements of the previous two steps are met. The RFP will be based on transparent, specific and stringent standards and criteria.

Comment - In the interest of transparency, accountability and obtaining the best possible proposal, the Commission will issue an RFP for the construction and operation of a new licensed gaming facility in a community.

Proposals for a First Nations on-reserve gaming facility would be exempt from the RFP process because the decision for the development of reserve land for a facility rests with the First Nation. Moreover, the First Nations effectively becomes the proponent for a proposed licensed gaming facility on its reserve land. The expressed consent of the First Nations by way of band council resolution would be required, along with an indication of the level of acceptance of the proposal by members of the First Nation. The remaining steps for a proposed First Nations on-reserve gaming facility will be the same as those for other types of licensed gaming facilities. A proposal for a First Nations on-reserve gaming facility will be required to include the same type of information that is required in the RFP submissions, as described in the following, and would be evaluated accordingly.

Submissions to the RFP will include, but are not limited, to the following:

- ***Information related to the proposed new facility, including its feasibility*** - such information would include a business plan from the proponent that identifies:
  - the proponents and proposed officers, directors, shareholders and other key persons associated with the new facility;
  - physical attributes of the new facility (that is, the proposed dimensions and general site standards, including those related to the general gaming environment within the facility, security features, among other standards);
  - details of the proposed gaming activities to be conducted in the facility;
  - source of funds to finance the proposed facility;
  - financial controls and systems, including organizational structure;
  - feasibility of the facility, including costs, anticipated revenues and the anticipated return to charities;
  - demand from charitable organizations for a new licensed gaming facility in the community, as evidenced by a list of charities committed to holding charitable gaming events at the facility; and
  - demonstrated understanding of and compliance with the relevant federal and provincial legislation, regulation, policies and local bylaws including zoning and development requirements.

- ***Community impact statement*** - the community impact statement would include, but not be limited to:
  - the anticipated impact of the proposed new facility upon other charitable gaming activities in the community;
  - proximity of the facility to other public or community facilities, including schools, churches, etc.;
  - an explanation of how issues related to problem gambling will be addressed, for example, how programs or activities for the delivery of gaming activities will be delivered in a socially responsible manner;
  - the estimated economic impact of the proposed facility on the community, including for example the new jobs created, impact on other businesses in the community; and

- impact of the proposed facility on policing, parking, traffic flow, etc.

All the proposals will be carefully evaluated by the Commission, using due diligence in the evaluation process. The best proposal would undergo an investigation, the next step in the approval process. If none of the submissions is acceptable, all proposals are rejected and the process concludes.

Anyone applying for a new gaming facility licence will be carefully evaluated by the Commission to ensure the issuing of the licence is in the best interests of the gaming industry. For example, no person or affiliated group of persons or companies will be allowed to control the gaming industry in Alberta. Competition is encouraged in the marketplace to introduce efficiencies that reduce the expenses of operation and thus increase the return to charities from charitable gaming or to the Alberta Lottery Fund from provincial lotteries. It allows for businesses to generate a profit from their investment and efforts within the charitable gaming model of the province or in the context of provincial lotteries. However, the fundamental aim of gaming in the province precludes a private, for-profit gaming industry.

Step Four - Investigation

The Commission will conduct an investigation into the proponents and other key persons associated with the best proposal. The investigation is to ensure criminal interests, or those who would be a detriment to the integrity or lawful conduct of gaming, do not become involved with gaming in the province.

Comment - The best proposal (or in the case of a First Nations, the forwarded proposal) would be evaluated and subject to further investigation, including the appropriate background and criminal record checks into the key people associated with the proposed facility. Key persons include officers, directors, shareholders, among others. The source of funds will also be investigated. This step of the approval process is aimed at preventing the involvement of criminal interests, or those who would be a detriment to the integrity or lawful conduct of gaming, in the province's gaming industry. The proposed facility licensee will bear the cost of the investigation.

If the best proposal contains deficiencies or outstanding matters that need to be addressed, the proponent will be asked to supply the required information and the process will proceed pending receipt of the outstanding information.

The Commission will make a recommendation to the Board of the Commission respecting the best proposal that has undergone an investigative review.

Step Five - Licensing

The Board of the Commission will review the proposal and results of the investigation following from Step Four. If all the requirements for a gaming facility are met, including legislative, regulatory, policy and municipal requirements, then a facility licence will be issued to the successful applicant with the Board's approval.

Comment - If the Board approves the proposal, and the preliminary requirements of the *Gaming and Liquor Act* and *Gaming and Liquor Regulation* are met, the proponent will be provided with details of the final requirements that must be met prior to the issuance of a gaming facility licence. These include meeting municipal requirements. Once the final requirements are met, a gaming facility licence will be issued to the proponent.

If for some reason the proposal is rejected at this step, the Commission will examine the next best proposal that was submitted in response to the RFP. That proposal would then be subject to investigation under the recommended fourth step in the approval process.

Figure 6-1: Approval Process for New Licensed Gaming Facility

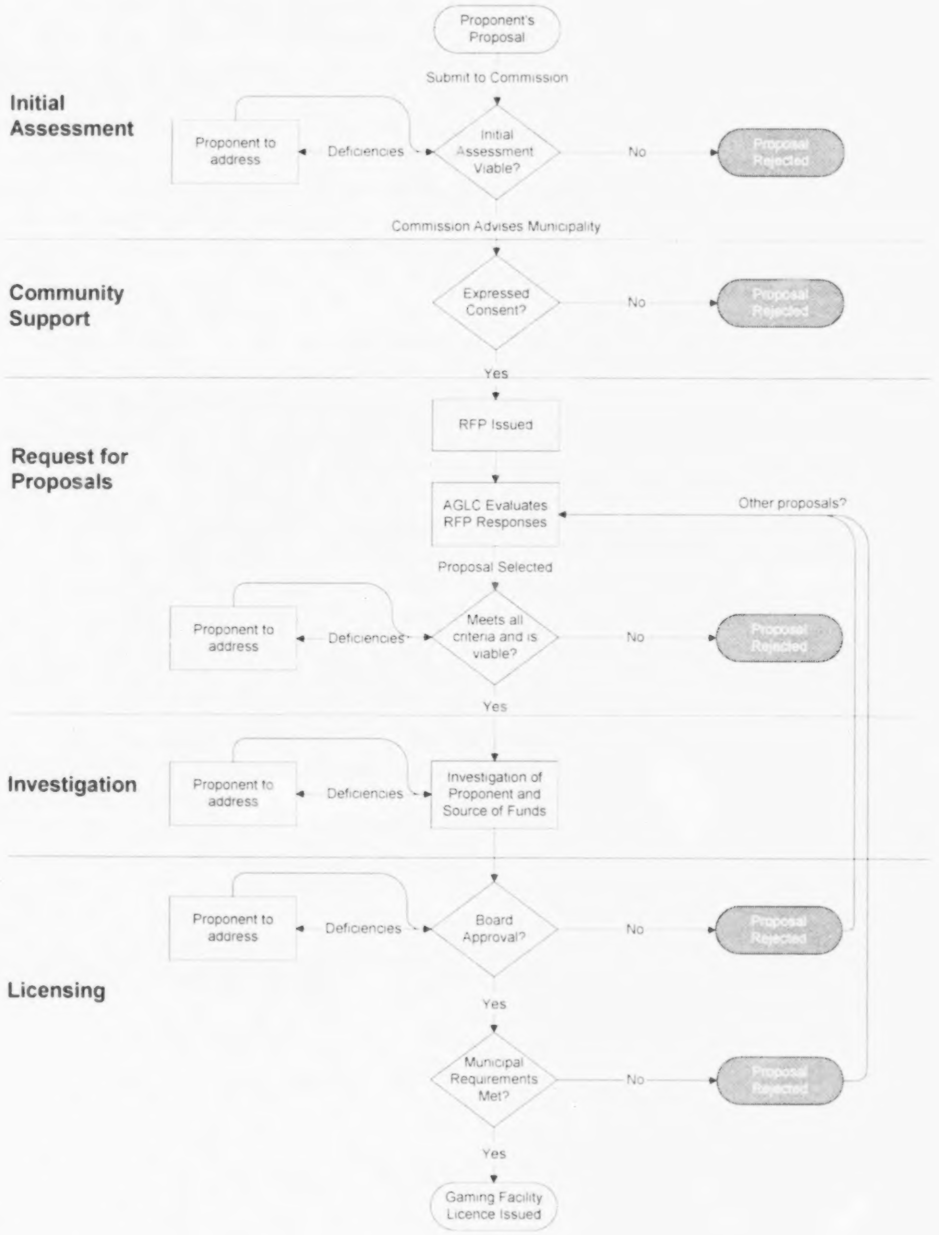
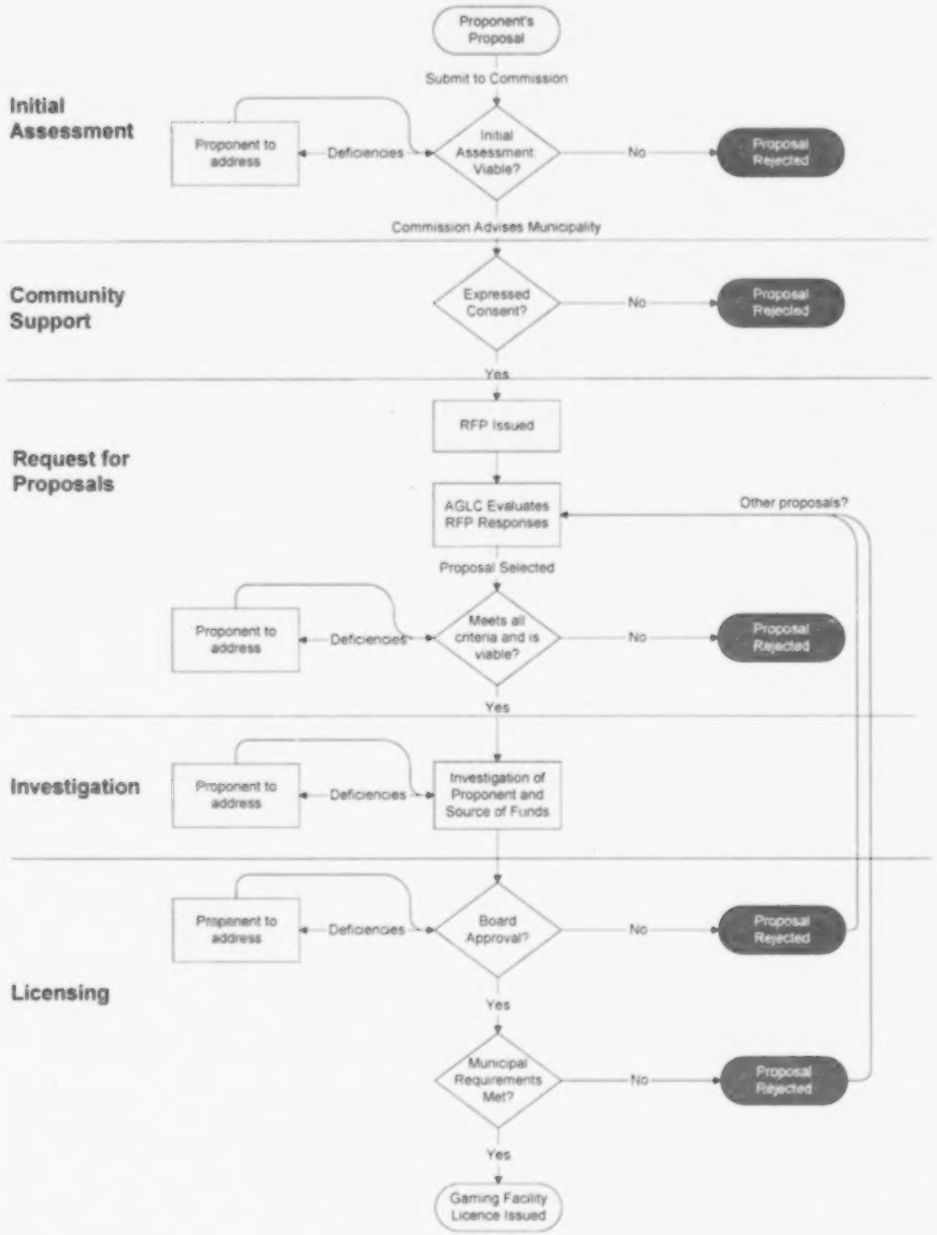

Proponent's Proposal
Submit to Commission
Initial Assessment
Proponent to address
Deficiencies
Initial Assessment Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
RFP Issued
Request for Proposals
AGLC Evaluates RFP Responses
Other proposals?
Proposal Selected
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Investigation
Proponent to address
Deficiencies
Investigation of Proponent and Source of Funds
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

Figure 6-1: Approval Process for New Licensed Gaming Facility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Deficiencies
Initial Assessment Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
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Proposal Rejected
Yes
RFP Issued
Request for Proposals
AGLC Evaluates RFP Responses
Other proposals?
Proposal Selected
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Investigation
Proponent to address
Deficiencies
Investigation of Proponent and Source of Funds
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

GENERAL RECOMMENDATION - 8

- **The approval process of the expansion or major relocation of an existing licensed gaming facility in a community will be subject to the following three major steps:**

  Step One – Initial Assessment
  The Commission will initially assess the proposal of an existing facility licensee or REC operator for major relocation or expansion of an existing casino, association bingo hall or racing entertainment centre. The assessment is to determine whether the major relocation or expansion meets basic criteria related to market demand, benefits to charitable groups, and impact on other charitable gaming activities in the community. If the proposal has merit, the Commission will advise the local municipality or band council, as the case may be, about the proposed major relocation or expansion and the Commission's review/approval process related to it.

  Comment - The meaning of expansion or relocation of an existing licensed gaming facility is provided under Policy Position 1. "Community views will be instrumental in deciding the extent of expansion of licensed gaming facilities permitted within the community."

  Step One requires that an existing facility licensee or REC operator submit a proposal to the Commission regarding the major relocation or expansion of their licensed gaming facility. The Commission will conduct an initial assessment of the proposal. If the proposal has merit the commission will initiate the next step, Community Support.

  Step Two - Community Support
  Community support, provided through expressed consent, is required to initiate the next step in the approval process. Expressed consent would be a resolution of municipal council in support of the major relocation or expansion or, in the case of an on-reserve casino, a band council resolution in support of the major relocation or expansion.

  Comment - As with new licensed gaming facilities, the Commission's current process of review and approval for expansion of existing licensed gaming facilities is triggered by the proponent of expansion. The Commission, guided by its policy criteria, responds to the proposal, as does the local authority through its local zoning or development bylaws in the case of proposed relocation or a proposed increase in the size of the facility.

  The recommended process gives the local community a more prominent role in determining whether a major relocation or expansion will be approved in their community.

  The expressed consent of the community is a resolution of the local municipal council (or in the case of a proposed on-reserve gaming facility, to the First Nation band council). It is expected the expressed consent provided to the Commission would include not only the support of the municipal council for the proposed expansion, but also identify or indicate the level of support for the major relocation or expansion in the community by residents and charities.

For example, the local council, if satisfied with the information provided in the proposal, may rely solely on that information when making the decision to provide expressed consent. Furthermore, the local municipal council may wish to ascertain acceptance through any of a variety of additional processes it deems to be appropriate, in addition to the information provided by the proponent. They may include a telephone survey, public forum, etc.

In any case, only after such expressed consent is provided to the Commission will the Commission further consider a proposal from the proponent (existing licensee) for expansion or relocation.

Step Three - Licensing or Approval

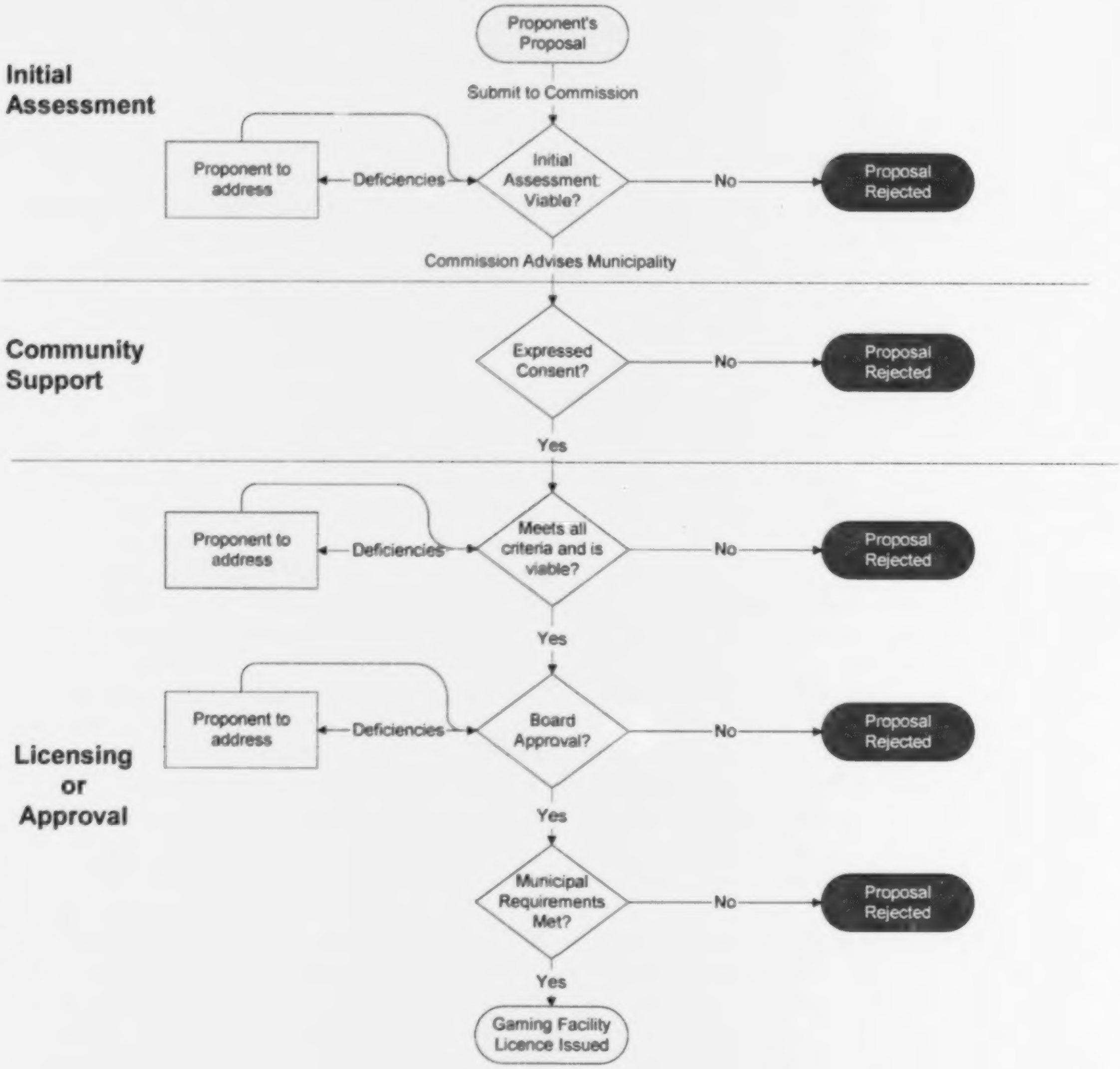
The Board of the Commission will review the expansion or major relocation proposal for the existing facility. The Board will approve the expansion or major relocation if the facility licensee has met all the requirements, including legislative, policy, regulatory and municipal requirements. In the case of an approved major relocation, a new gaming facility licence will be issued to the proponent (existing facility licensee).

Comment - If the proposal for expansion or relocation successfully meets the requirements of the evaluation in step two above, it will be forwarded to the Board of the Commission for its approval. If the Board deems the proposal is for some reason deficient, it will be rejected or at the discretion of the Board, returned to the proponent to address the deficiencies.

If the Board approves the proposal, and the preliminary requirements of the *Gaming and Liquor Act* and *Gaming and Liquor Regulation* are met, a new gaming facility licence will be issued to the proponent (in the case of a relocation) or approval granted (in the case of other expansion of the existing licensed gaming facility).

The three recommended steps are depicted in "Figure 6-2: Approval Process for Licensed Gaming Facility Expansion of Relocations."

Figure 6-2: Approval Process for Licensed Gaming Facility Expansion or Major Relocation


Proponent's Proposal
Initial Assessment
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Deficiencies
Initial Assessment: Viable?
No
Proposal Rejected
Commission Advises Municipality
Community Support
Expressed Consent?
No
Proposal Rejected
Yes
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Licensing or Approval
Yes
Municipal Requirements Met?
No
Proposal Rejected
Yes
Gaming Facility Licence Issued

D. ELIGIBILITY FOR CHARITABLE GAMING LICENCES

A number of stakeholders have raised concerns about the eligibility requirements for charitable gaming licences. For example, some perceive groups continue to receive gaming licences even though they have outlived their original purpose. Other stakeholders feel some charities earn more from licensed charitable gaming activities than they need, while other groups that may benefit more members of the community receive fewer opportunities to raise proceeds from gaming activities.

Issues such as these raise a number of questions. What level of proceeds should charitable groups be allowed to earn from charitable gaming activities? How should the heightened demand by charities for casino or bingo events be addressed through eligibility requirements for casino or bingo licences? What should be the specific allowable uses of proceeds, particularly in areas that create concerns, for example, administration?

POLICY POSITION:

1. The Commission must be consistent when determining whether or not groups are eligible for charitable gaming licences.

The *Criminal Code* and common law guide the Commission in determining which groups are eligible for a gaming licence (see also the appendix, "Legislative Requirements and Considerations"). The *Criminal Code* provides for a provincial government to issue a gaming licence to a charitable or religious group, but only if the proceeds are to be used for charitable or religious purposes. The code does not offer any guidelines as to what constitutes a charity or charitable purpose. For that purpose, the Commission turns to the common law.

Four general categories are often cited to define what is charitable and have been referred to as the Pemsel common law test. They are: relief of poverty, advancement of education, advancement of religion and other purposes beneficial to the community. The last category has posed the most difficulty. What purpose is beneficial to the community? Such a purpose may change with time and changing social needs.

The Commission has three main categories of eligibility for charitable gaming licences, as follows:

- relief of the aged or disadvantaged;
- advancing education and learning; and
- help to the community, which includes:
    - contributions to places of worship and other religious programs;
    - support for competitive amateur athletics;
    - improvements to quality of health;
    - support for medical research; and
    - support for a facility for community use.

Currently, there are more than 8,000 charities licensed to conduct a charitable gaming activity in the province. It has become clear the policy for licence eligibility in some cases lacks clarity, or should be more specific. In such cases, Commission staff must interpret whether the policies allow or do not allow a particular group to obtain a charitable gaming licence.

GENERAL RECOMMENDATION - 9

- **Ensure the policies that define what a charity is for purposes of charitable gaming in Alberta are clear and precise (within the parameters of the *Criminal Code* and common law).**
  Comment - The demand for charitable gaming licences makes it imperative stakeholders and the public clearly understand the rules for eligibility. Clearer and more specific eligibility policies will also bring about more consistency in the issuing of gaming licences, thereby ensuring fair access to all qualified charities.

GENERAL RECOMMENDATION - 10

- **Ensure the policies regarding allowed and disallowed uses of charitable gaming proceeds are clear and precise (within the parameters of the Criminal Code and common law).**
  Comment - This recommendation complements the previous one. The *Criminal Code* provides that a charitable or religious organization may be licensed by a provincial government only if the proceeds are used for a charitable or religious purpose. Clearer and more specific policies will help to bring about more consistency when addressing the many different requests applicants and licensees have for the use of gaming proceeds.

POLICY POSITION:

2. All charitable groups should have fair and equitable access to charitable gaming licences.

Stakeholders feel charities should obtain charitable gaming licences based on the benefit of the service being provided to the community. Some stakeholders believe some groups raise more funds than they need or deserve from gaming activities, in particular casinos or bingos, while other charities that appear to be more deserving or benefit more people in the community receive less than they should.

GENERAL RECOMMENDATION - 11

- **As part of the licence application, require charities to provide a community benefit statement.**
  Comment - The community benefit statement would identify, among other things: the type of program delivered by the charity, how the charity's program differs from those of other groups in the community; why the program is important and who benefits from the program. This statement will give a better indication as to how an applicant's services benefit the community.

GENERAL RECOMMENDATION - 12

- **Develop and implement a proactive orientation program for the volunteer executive of charitable organizations interested in obtaining a gaming licence**
  Comment - The role of charitable groups is central to the charitable gaming model of the province. For that reason, it is important the volunteer executive of charities understand the eligibility requirements for a gaming licence, how the proceeds may be used in keeping with the provisions of the *Criminal Code*, the *Gaming and Liquor Act* and other key requirements.

  The recommended orientation program is intended to help bring about better understanding of the policies related to eligibility and use of proceeds, among other responsibilities, prior to the licensing of charities. With the large number of charities that are licensed each year, an efficient but effective means of delivering the program is required.

E. DIVISION OF REVENUE

Division of revenue refers to the manner in which revenue is divided between prizes, expenses and proceeds. Charitable gaming policies are aimed at ensuring the financial return to charities from their charitable gaming activities are maximized. Similarly, the Commission, in carrying out its obligations as a responsible steward of the assets entrusted to it, must ensure the efficient and effective delivery of provincial lotteries to benefit Albertans through the Alberta Lottery Fund.

GENERAL RECOMMENDATION - 13

- **Review the expenses of service providers on a regular, ongoing basis as required. The review is to ensure the expenses are fair and reasonable—that they reflect the value of service and space provided—and that ultimately the primary beneficiaries are charitable, non-profit, public and community-based initiatives.**
  Comment - The primary aim of reviewing expenses on a regular ongoing basis is to ensure the return from charitable gaming activities for charitable, not-for-profit, public and community-based initiatives is being maximized. Services providers are also entitled to a fair and reasonable return for the services they provide. Through its policies, the Commission aims to ensure the fees or commissions received by service providers reflect the value of the service and space provided. If the fees do not correspond to the value of the services and space provided, then they should be adjusted accordingly.

F. MARKET RESEARCH

POLICY POSITION:

1. **Be more aware of and responsive to consumer demands and public attitudes.**

Participants at the Lotteries and Gaming Summit '98 felt research should be conducted into the social impacts of lotteries and gaming and the prevention and treatment of problem gambling. In response, the Alberta Gaming Research Institute has been established by the provincial government to examine social and economic impacts of gaming, among other areas related to gaming. This research will help to guide the general development of gaming policies.

There also has been a lack of sound market research to guide the development of specific gaming policies or gaming activities. Typically, policy decisions regarding gaming activities have been based on empirical evidence, or past experience, and perceptions rather than sound market research. The daily business of controlling and managing the gaming business in the province should be based on sound marketing information.

GENERAL RECOMMENDATION - 14

- **Regularly conduct player/public gaming attitude, perception and market research.**
  Comment - Sound market research is a valuable business management tool in developing gaming policies, effectively responding to consumer demand and managing gaming activities in the province. It may also be used to assess the claims of stakeholders related to the gaming market.

G. CONSULTATION AND COMMUNICATIONS

POLICY POSITION:

1. Be aware of public and stakeholder views, issues and concerns on an ongoing basis.

The Commission regularly consults with stakeholders throughout the year, often to address specific requests or issues that they may have. The Gaming Licensing Policy Review process has demonstrated the need for more regular consultations with stakeholders, particularly those who may not have been consulted with any frequency in the past. Most stakeholders who were consulted during the review process appreciated the opportunity to provide their perspectives and views. These views provided the Commission with valuable insights to help guide the development of gaming licensing policies.

GENERAL RECOMMENDATION - 15

- **Develop a proactive consultation strategy to effectively consult with stakeholders on a regular basis.**
  Comment - Often consultations are to address issues or concerns and therefore are reactive. More efforts should be made to be proactive. For example, during a review of zoning or development for gaming facilities, municipalities would like to have more information from the Commission about the gaming facility and its operators. Currently there is no process to share information on an ongoing basis. These and other situations should be identified and proactively addressed.

NEW GAMES

Contents

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B. Background
C. New Games Policies
D. Current Situation Assessment
E. Landscape of Other Provinces
F. Summary of Findings – Public Views and Stakeholder Consultations
G. Primary Issues and Recommendations

A. Introduction

This section discusses the background to new gaming activities. It deals with new games considered for introduction to (a) the province or (b) licensed gaming facilities or other locations where gaming activities are available.

This section provides an assessment of the current situation regarding new games in Alberta. Some of the key views and perspectives of adult Albertans and stakeholders regarding new games are provided. This section concludes with recommendations.

B. Background

This section refers to:

- ***New games considered for introduction to the province*** - includes gaming activities that possess features or methods of delivery that are deemed to be significantly different from the features or methods of delivery of gaming activities currently available in the province.

- ***New games considered for introduction to licensed gaming facilities or other locations where gaming activities are available in the province*** – includes gaming activities that are currently available in the province but proposed for introduction to locations or venues where they were unavailable previously (for example, pull tickets sales before they were introduced to association bingo halls).

Specific examples of new games would include:

- an entirely new gaming activity (for example, the dice game craps before it was authorized in casinos in 2000);
- the use of a new technology or medium for an existing gaming activity (for example, electronic bingo consoles, pull ticket vending machines for the sale of pull tickets, instant ticket lottery vending machines for sale of instant lottery tickets, television lottery shows to conduct lotteries, the use of the computer to access or deliver gaming activities[*]).

New games do not include minor variations of existing technologies or gaming activities. The following, among others, are not considered new games:

- a new theme for a slot machine, that is, the exterior appearance and complementary slot games provided;
- a new ticket lottery game, for example, new Scratch'n Win ticket; and
- a new variation of an approved card game to a casino facility, for example, another variation of blackjack.

From time to time the Commission receives proposals for new games from charitable groups, facility operators and others. Those groups or operators are sometimes approached by suppliers who wish to bring their products into the province. In turn the charities and operators will approach the Commission to consider the new games.

A well-defined policy and related procedures are required to manage properly, consistently and effectively new gaming activities in the province. A comprehensive analysis is required of proposals for new games to determine the viability of the new game; its operating costs; whether it generates an appropriate return to charitable, non-profit, public and community-based initiatives; and its impact on existing gaming activities.

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[*] Refer to the section "The Use of the Internet for Gaming" for a discussion of that topic.

C. New Games Policies

Gaming policies must conform to the legal gaming framework which is comprised of the *Criminal Code* (Canada), *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta). The *Criminal Code* provides all lottery schemes are illegal except for those that are licensed or authorized by a provincial government.

The *Gaming and Liquor Act* specifies the Commission may make policies respecting gaming on behalf of the provincial government. The act requires gaming activities must be authorized or licensed by the Commission. Any gaming supplies or materials must be registered with the Commission and the Commission must authorize anyone dealing in gaming supplies.

When the Commission is requested to consider introducing a new game, the Commission will review the request on its own merits. The Commission lacks a comprehensive set of policies or criteria that specifically address the introduction of a new game.

D. Current Situation Assessment

From time to time, charitable organizations and gaming facility operators request the Commission consider introducing a new game or gaming activity to a charitable gaming facility. Often, the proposed new games involve the use of electronic technology. Suppliers often suggest or promote the idea of a new game with charitable organizations and facility operators, who in turn approach the Commission with a formal request to introduce the new game.

Bingo associations are requesting consideration be given to introduce electronic bingo and five-minute keno to their licensed bingo facilities, to help boost attendance and sales. Members of the casino industry have also been interested in introducing new games such as five-minute keno to casino facilities to add to the mix of electronic gaming activities already available.

Charities that have been licensed to sell pull tickets have asked that pull ticket vending machines be permitted in their facilities halls as an efficient method of delivering this gaming activity to their patrons.

In the examples mentioned, each of the new games requires the use of electronic gaming devices to deliver the gaming activity. Under provisions of the *Criminal Code*, any gaming activities operated through a computer or electronic device must be conducted and managed by the provincial government. In Alberta, the Commission is the gaming authority that acts on behalf of the provincial government.

The Commission must carefully consider the views of the public and stakeholders, the economic and social impact on the community and the effect on other gaming activities before approving new games or adopting new electronic technologies or other media, such as television to play bingo. Among other requirements, an examination is needed of the investment required to provide such new games, the costs to introduce them and the potential benefits to accrue to charitable, non-profit or public initiatives.

For more details of legal requirements for lottery schemes, see the appendix "Legislative Requirements and Considerations."

E. Landscape of Other Provinces

A number of provinces in Canada have introduced games that are not available in Alberta. These games would be considered new games if introduced to this province.

Each gaming activity section in this report (for example, "Bingo," "Casino Gaming," etc.) contains a landscape of other provinces which may identify gaming activities in other provinces that are not available in Alberta. For example, the landscape under the bingo section indicates B.C. has introduced electronic bingo. The pull ticket section indicates B.C. and Saskatchewan, for example, have introduced pull ticket vending machines.

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholder groups. This summary of findings presents a snapshot of those views and perspectives focusing on new gaming activities.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.

- *Stakeholders* - The views and perspectives of stakeholder groups. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

The research indicates most adult Albertans want the availability of any type of current game activity in the province to remain the same.

Some Albertans indicated they would play the following new games if they were made available in the next year: five-minute keno (12%), TV lottery game show (11%), break-opens or pull tickets from a dispensing machine (9%) and bingo on a computer device in a bingo hall (9%).

When asked where they thought certain games should be played, Albertans in general indicated:

- five-minute keno should be played at the local casino (87% response), resort casino (86%), gaming room in a hotel (70%), First Nations casino on reserve land (68%), location devoted to VLTs (66%), lottery ticket centres (60%), bingo hall (58%), bars and lounges (55%) and race track (55%);
- pull tickets or break opens from a dispensing machine should be played at the local casino (84% response), gaming room in a hotel (74%), location devoted to VLTs (72%), First Nations casino on reserve land (70%), bingo hall (66%), bars and lounges (66%) and race track (61%); and
- bingo on a computer should be played at bingo hall (89% response), resort casino (77%), local casino (74%), First Nations casino on reserve land (68%), race track (53%).

When asked about how familiar they are with all new gaming activities, respondents were least familiar with five-minute keno, electronic bingo and Internet gambling.

Among the gaming activities that were felt to be "hard" gambling (versus harmless entertainment), respondents included five-minute keno and electronic bingo. A number of other gaming activities were viewed as being "harder," including Internet gambling and the existing gaming activities of video lotteries, casino table games and slot machines.

Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups and a representative survey of charities and gaming workers in the province.

Industry Stakeholders

The general view of the majority of the public, charities and members of the gaming industry is the availability of gaming activities that are already permitted in the province should remain the same.

During the consultations, gaming workers and charitable organizations indicated some support for more types of gaming to be allowed in the province (charities 20%, gaming workers 33%). When asked for their views about having keno in bars or bingo halls, 41% of workers and 28% of charities were in favour of it. Both gaming workers and charities believe the demand for gaming in the province is growing.

Stakeholders firmly support the charitable model of gaming in the province (which includes bingo, casinos, raffles and pull tickets).

Most gaming workers, charities and other members of the gaming industry feel the Commission is doing either a very good or fairly good job of regulating the gaming industry.

A bingo industry association expressed its desire to introduce new games to bingo association halls, such as keno, to compete with electronic gaming such as nickel slots in casinos which, it believes, have drawn away customers from bingo.

A major exhibition representative felt one of the challenges facing the Commission is to take advantage of the potential for growth in electronic gaming, such as more interactive games. The representative also felt there needs to be a balance between demands for further private sector growth in gaming and the requirement to control growth for the public good.

Another major exhibition representative felt the introduction of electronic bingo to bingo halls may be a good way to help the bingo industry.

A gaming industry association felt certain new games, such as keno, belong in age-restricted facilities such as casinos or lounges. Lottery ticket retailers indicated interest in introducing keno to the ticket lottery network.

Advocacy Foundation and Problem Gambling Treatment Agency

A problem gambling treatment agency representative expects new games will be introduced in the future, because consumers like change and new products. They are concerned about who may be targeted by the new games, citing an interactive compact disc (CD) being used in another jurisdiction that the agency felt introduces gaming to younger people. The representative felt electronic games also have more appeal to younger people which could pose problems in the future. The agency believes it is important to promote the sense of responsibility among the public in dealing with gaming.

A compulsive gambling foundation felt introducing keno to bingo halls is an expansion of electronic gaming that would increase the prospect of minors playing bingo. They feel Internet gaming is a significant problem and steps should be taken by government to control it (even though none of the provincial governments in Canada conducts and manages a gaming website).

G. Primary Issues and Recommendations

Arriving at Recommendations

The first step in the process to arrive at recommended policies regarding new gaming activities was to determine how the current gaming policies address the introduction of new games in the province.

The next step was to obtain the perspectives and views of Albertans and stakeholders about new games and gaming in general. Those views were taken into account in the next step, to assess current policies and how they may be improved to address new games in Alberta over at least the next five years.

As policy strategies took shape, the following question was asked: How well do the policy strategies measure up to the key elements of the province's licensing policy framework? For example, questions asked included:

- Does a policy strategy meet the requirements of the *Criminal Code* (Canada) and the *Gaming and Liquor Act* (Alberta)?
- Is it consistent with government's broad policies for gaming?
- Does it fit within the objectives and goals of the Ministry's three-year business plan?

Only policy strategies that met the basic requirements of the policy framework would be considered further and recommendations developed accordingly.

Primary Issues

The Gaming Licensing Policy Review, with views of the public and in consultation with stakeholders, identified a number of issues related to new games. These issues and the respective recommendations appear under two topics as follows.

A. AVAILABILITY, ACCESSIBILITY, EXPANSION, NETWORK ACTIVITIES

Generally, Albertans feel the current availability of gaming activities in the province should remain the same. Many feel certain new gaming activities such electronic bingo or rapid keno, if they were to be available, belong in venues dedicated to gaming activities, such as licensed casino facilities, licensed bingo facilities or race tracks.

Some stakeholders support the introduction of new types of gaming activities. Various groups involved in charitable gaming activities, such as association bingo, want to introduce new types of electronic gaming activities to their facilities to compete with those offered in other gaming venues, such as nickel slots in casinos.

The introduction of such new games should be subject to consistent and stringent criteria prior to their introduction.

POLICY POSITION:

1. **The Commission will be accountable in its activities and transparent in the policies, procedures and processes related to gaming activities.**

The public and stakeholders expect gaming policies, procedures and processes are transparent and the Commission is accountable for the decisions it makes. To satisfy this expectation regarding new games specifically, and fulfill its mandate and associated responsibilities, the Commission should formalize a process and criteria to review proposals for new gaming products or services, a process that should take into account the guiding principles for gaming.

NEW GAME RECOMMENDATION – 1

- **The approval process for a new gaming activity should involve four major steps, as follows:**

Step One – Initial Assessment

The proponent of a new gaming activity must provide to the Commission, including a business plan and other required information, which will allow the Commission to arrive at a sound preliminary assessment related to the viability of the proposed new game. If the new game has merit, the next step will be initiated.

The Commission would evaluate the proposal using criteria such as:

- compliance with the requirements of the *Criminal Code* (Canada), *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta);
- the demand from consumers (market potential) for the proposed new game;
- the benefits to be derived for charitable, non-profit, public or community-based initiatives;
- the requirements to deliver the proposed new game with integrity and in a socially responsible manner;
- the feasibility of the proposed new game when all costs are considered;
- the impact the proposed new game will have on other existing gaming activities; and
- the manner in which the proposed new game would be delivered, including the proposed location from which the new game is to be conducted or delivered.

The proposal must also clearly indicate how the revenue from the new game would be divided among prizes, expenses, administration and, ultimately, proceeds to charitable, non-profit, public or community-based initiatives.

Step Two – Obtaining Community Views

The Commission will determine the type and extent of public input required regarding the proposed new game. Such input may range from public consultations or the express consent of a community to considering community objections. The decision in this regard will be affected, among other considerations, by the proposed new game, including its type, where it would be available, financial benefit/cost, and impact on existing gaming activities.

Step Three - Final Commission Review

The Commission will forward the proposal and results of its final review including results from public input, for review and consideration by the Board of the Commission.

Step Four - Licensing

The Board of the Commission will consider the proposal and results of the Commission's review on their own merits. The new game will be authorized subject to the Board's approval.

The four recommended steps are depicted in "Figure 7-1: New Gaming Activity Approval Process."

B. GENERAL POLICY REQUIREMENTS

1. *POLICY POSITION & RECOMMENDATION:*

NEW GAMES RECOMMENDATION - 2

An approved or licensed new game will be subject to the guiding principles for gaming activities in the province and to terms and conditions that are consistent with those for other gaming activities.

Comment – The appropriate policies and terms and conditions will apply to a new gaming activity after it has been approved for use in the province, to ensure the integrity of the gaming activity and that it meets all other requirements.

Figure 7-1: New Gaming Activity Approval Process

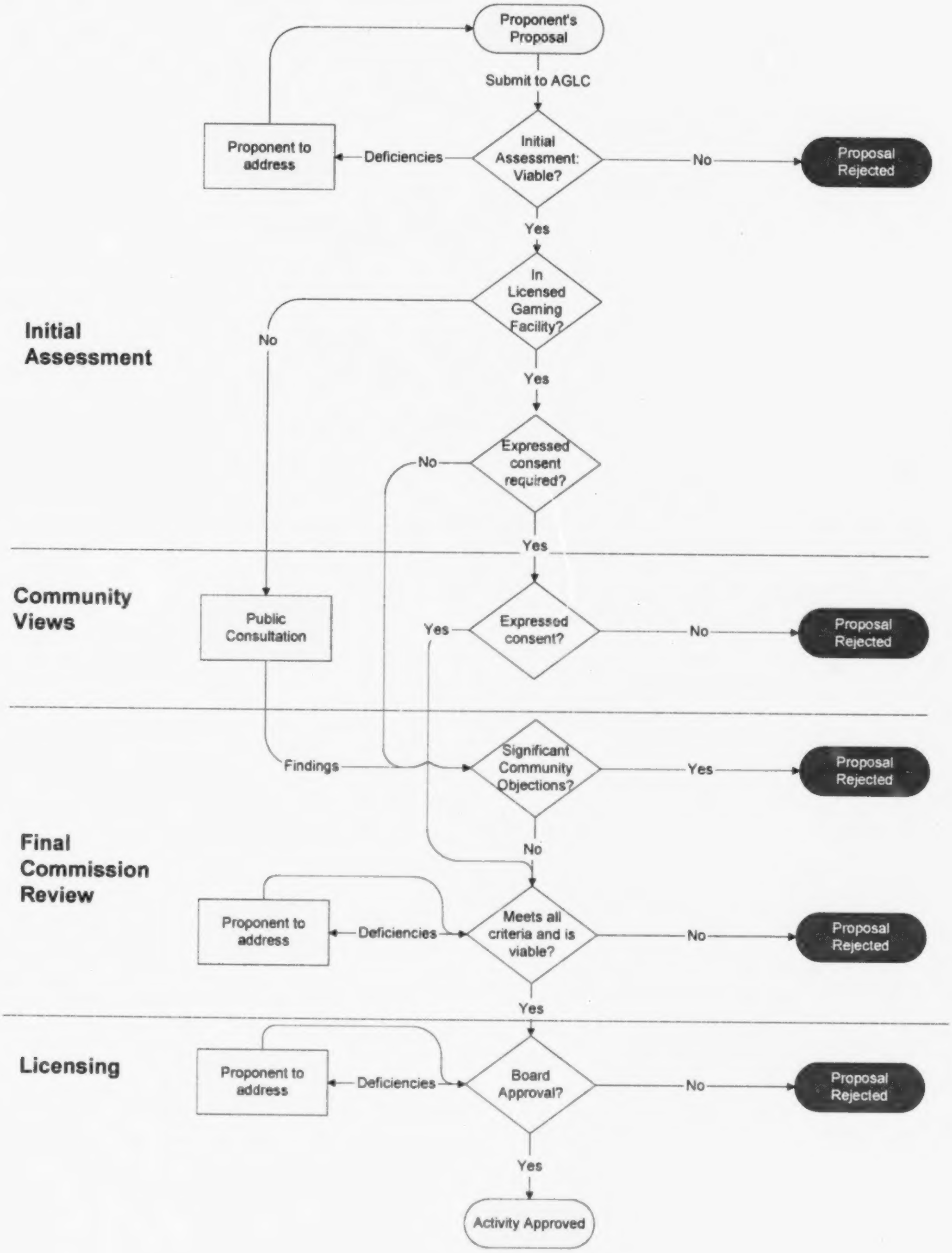
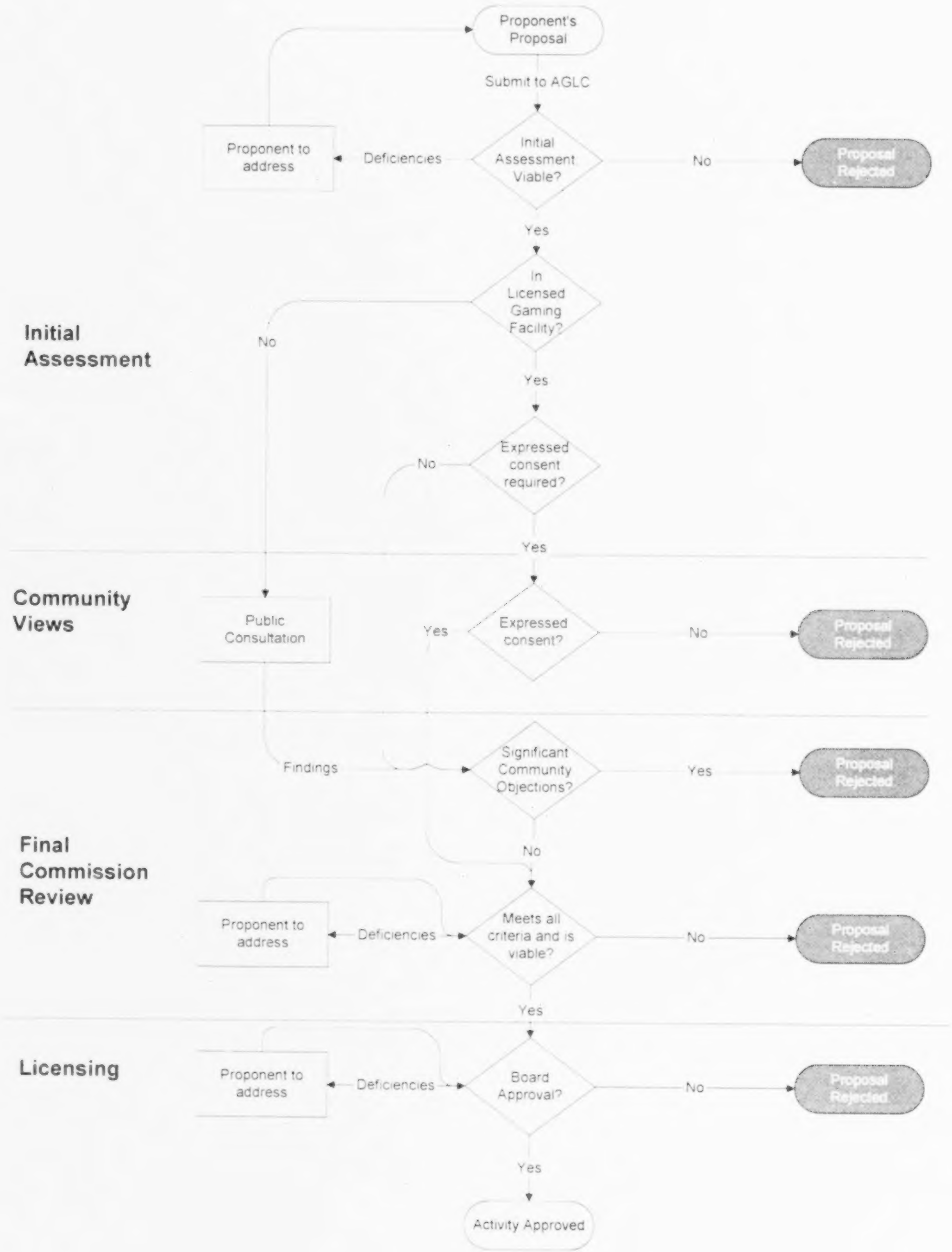

Proponent's Proposal
Submit to AGLC
Proponent to address
Deficiencies
Initial Assessment: Viable?
No
Proposal Rejected
Yes
In Licensed Gaming Facility?
No
Initial Assessment
Yes
Expressed consent required?
No
Yes
Community Views
Public Consultation
Yes
Expressed consent?
No
Proposal Rejected
Findings
Significant Community Objections?
Yes
Proposal Rejected
No
Final Commission Review
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Licensing
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Yes
Activity Approved

Figure 7-1: New Gaming Activity Approval Process


Proponent's Proposal
Submit to AGLC
Proponent to address
Deficiencies
Initial Assessment Viable?
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Proposal Rejected
Yes
In Licensed Gaming Facility?
Initial Assessment
No
Yes
Expressed consent required?
No
Yes
Community Views
Public Consultation
Yes
Expressed consent?
No
Proposal Rejected
Findings
Significant Community Objections?
Yes
Proposal Rejected
Final Commission Review
No
Proponent to address
Deficiencies
Meets all criteria and is viable?
No
Proposal Rejected
Yes
Licensing
Proponent to address
Deficiencies
Board Approval?
No
Proposal Rejected
Yes
Activity Approved

CHARITABLE GAMING

BINGO

BINGO

Contents

A. Introduction
B. Background
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A. Introduction

In Alberta, bingo is a lottery scheme that is conducted and managed by a charitable or religious organization under a bingo event licence issued by the Alberta Gaming and Liquor Commission. Under provisions of the *Criminal Code* (Canada), the proceeds from lottery schemes conducted and managed by licensed charitable or religious groups must be used for charitable or religious purposes.

The *Gaming and Liquor Act* (Alberta) establishes the Commission as the gaming authority in the province, and the *Gaming and Liquor Regulation* (Alberta) establishes the bingo event licence and the bingo facility licence.

This section discusses the background of bingo in the province. It outlines the licensing policies for bingo, which is followed by a current situation assessment for bingo. For purposes of comparison, a landscape of the bingo licensing policies in other Canadian provinces is provided. That is followed by a summary of public and stakeholders views with a focus on bingo. Also included is a cursory look at key international findings.

The last part of this section discusses the primary issues identified during the Gaming Licensing Policy Review for bingo and the respective recommendations to address them. These take into account the views that were presented in the report and recommendations of the Bingo Review Committee issued in September 1999.

B. Background

Bingo in Alberta

Bingo is a lottery scheme under the *Criminal Code* (Canada). The code allows lottery schemes to be conducted and managed by charitable and religious groups under a licence issued by the provincial authority, if the proceeds are used for charitable or religious purposes.

In Alberta, bingo is a regulated form of charitable gaming under the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta). Licences to hold bingo are issued by the Commission.

Close to 47,000 bingo events were held in communities across the province in 2000-01. These events generated gross revenues of more than $288 million. Licensed charitable and religious groups earned $51.1 million from bingo.

The game of bingo is played using paper cards or sheets with one or more cards.

During the game players mark squares on each bingo card as the corresponding letter/number combinations are called. A game is won when a player completes the required pattern on the card (for example, one line, two lines, "picture frame" or outer perimeter, full card, etc.) before other players.

In Alberta bingo is played in two types of halls:

(a) *Association bingo hall* - A licensed facility in which bingo may be held from four to seven days per week. The facility is licensed to an association, comprised of member charitable or religious groups, each of which is eligible for a bingo licence. The association coordinates bingo and pull ticket sales (if applicable) on behalf of its members and hires staff to assist in operating, delivering and administering bingo events. An association may permit non-member groups to hold bingo in its facility if the group is eligible for a bingo licence from the Commission. There are 59 association bingo halls in the province.

(b) *Non-association or community hall* - A facility in which a charitable organization may hold bingo up to three days per week. Acceptable venues include church hall, community league hall, Legion hall, etc. Occasionally bingo has been licensed in other public places. Generally the bingo event is held by one charitable group from its own hall or rented facility. Approximately 540 licensees operate from their own halls.

Charities pay a licence fee of $30 per bingo event held in a bingo association facility to cover part of the licensing administration costs. Licence fees are not charged for bingo events held elsewhere ("community bingo") in which the total sales under the licence during the year are $150,000 or less; where the total sales are more than $150,000 the licence fee is $30 per bingo event held during the year.

A building facility licence is required for an association bingo facility; there is no fee for that licence. Other facilities, in which bingo events generate annual gross revenue of less than $150,000, do not require a bingo facility licence.

Satellite Bingo, a type of linked bingo, is offered in halls that subscribe to it. Linked bingo is a game played by participants at different locations that are linked by a common communication system. Approximately 59 association bingo halls and 37 community bingo halls subscribe to satellite bingo.

Bingo players generally must be 18 years of age or older. Community bingo halls where annual total sales are $150,000 or less (smaller bingo events mainly in rural halls) may allow minors accompanied by a responsible adult to play regular bingo games for smaller cash prizes, to a maximum of $50. Halls may permit family bingo in which minors accompanied by a guardian or responsible adult play for free and may win small non-cash prizes.

Bingo halls are permitted to sell pull tickets under a separate pull ticket licence. For details about pull tickets, please refer to the section "Pull Tickets" in this report.

Evolution of Bingo in Alberta

Traditionally, bingo was primarily a family or social activity played in church basements and community halls throughout the province. The gaming activity involved relatively small cash and non-monetary prizes such as hams, turkeys and crafts. Proceeds were earned to further the work of charitable and religious organizations.

Prior to the 1970s, the federal government was responsible to regulate lottery schemes such as bingo. Charitable and religious groups could hold a bingo event on an occasional basis and use the proceeds for charitable or religious purposes. Licences were not required. There are no available records indicating the revenue earned by charitable or religious groups from bingo during this time.

Criminal Code amendments that were enacted in 1970 delegated authority for lottery schemes from the federal government to the provinces. As a result the provinces became responsible to issue gaming licences to charitable and religious groups in their respective jurisdictions as long as the proceeds from gaming were to be used for charitable or religious purposes.

In Alberta, the local police were initially charged as licence issuers by order in council. The police were not required to determine if objectives of the groups applying were charitable or religious, nor were there formal requirements for charities to provide financial return information.

From 1973 to 1976, licensing functions were transferred from the police to a lotteries licensing unit within the Criminal Justice Division of the Department of the Attorney General. Eligible groups were required to submit financial returns.

Figures from 1979 indicate bingo sales amounted to $25.5 million in gross revenues, less than the revenues being generated either from pull tickets or casinos.

Introduction of Large-scale Bingo

Bingo underwent a major transformation in the late 1970s and early 1980s that altered the scope and nature of charitable gaming in the province and dramatically increased the amount of revenues it generated. It also brought about closer scrutiny by the province's gaming licensing authority.

That transformation came about with the introduction of commercial style bingo at three halls in Edmonton in 1979: Rainbow Bingo Hall, Knights of Columbus Hall and Jasper Place Bingo. The Rainbow Bingo Hall, also known as Comserv, operated bingo three days per week under an umbrella licence on behalf of 20 charitable groups. In 1981, the newly established Gaming Commission ruled the umbrella licence would no longer be in effect. The Gaming Control Branch licensed the individual charities rather than the associations.

In its report issued in September 1999, the Bingo Review Committee noted:

> After "trial and error," the charities in [the three] halls eventually developed bingo associations, to coordinate bingo on behalf of their members, however, the Gaming Control [Branch] licensed only the individual charities rather than the associations.
>
> By 1982 the Gaming Commission gave conditional approval to charities to operate out of two commercial style halls in Calgary, the Bingo Palace and Odgen Road Bingo. At the time there were no bingo associations in place in Calgary

Within three years of the first commercial-style bingo halls, revenues from bingo were higher than those from the other charitable gaming activities. Most of the revenues were generated through commercial style bingo halls which, since 1982, were required to operate as incorporated, not-for-profit bingo associations.

Bingo associations provided common facility services to members. They were required to have a democratically elected executive that would, among other responsibilities: negotiate lease agreements, arrange for staff to help volunteers run bingo events, allocate and schedule bingo events to member groups and run common bingo programs. Volunteers continued to be required to conduct and manage bingo events.

The Growth of Bingo Associations

In 1983, ten new bingo associations were formed, bringing the total in Alberta to 15. Despite the fact there were relatively few such halls, they soon began to generate more revenue than all the traditional bingo halls combined.

From 1984 to 1985, the terms and conditions for bingo associations would be developed by the provincial gaming authority in consultation with the associations operating at the time.

In 1985, bingo activities across the province generated more than $122 million in gross revenue.

The large cash flows that were generated by association bingo in the 1980s created its own issues. The Bingo Review Committee report noted:

> In some cases volunteers were not keeping adequate financial records. At the request of the gaming authority, three self-governing professional accounting associations

> developed a set of audit guidelines, which were adopted in the bingo terms and conditions of 1988. Each association had to have an independent, third party audit performed annually by a member of one of those three professional accounting associations.

Association bingo continued to grow and dwarf traditional small community bingo events. At one time community bingo generated all bingo revenue; today it generates about 10% while 90% is generated by association bingo. Charities were drawn to bingo events in association halls and the number involved in community bingo halls declined over time.

In 1993, a registered non-profit society comprised of members of bingo associations across Alberta was formed. The Federation of Alberta Bingo Associations (FABA) was formed to protect the interests of association bingo and act as a liaison between bingo associations and the province's gaming authority. About 50 of 59 bingo associations currently are members of FABA. There is no similar organization for community bingo in the province.

Bingo attendance and sales began to decline in the mid 1990s. Some members of the industry claimed players were being drawn away by video lottery terminals (VLTs), an electronic game conducted and managed by government under section 201(1)(a) of the *Criminal Code*. They argued government, in effect, was competing with bingo. Similar views were echoed when slot machines were introduced to casinos in 1996.

In July 1995, the Alberta Gaming and Liquor Commission amalgamated all liquor and gaming regulatory, enforcement and marketing agencies; including the Alberta Gaming Commission, the Alberta Gaming Control Branch and Alberta Lotteries. In July 1996, the Alberta Gaming and Liquor Commission would be formally established in the Gaming and Liquor Act.

Gross bingo revenues were boosted by the introduction of Satellite Bingo in February 1996, a linked bingo game provided by a private supplier. In the game, subscribing halls' players participate in a province-wide game of bingo through a common communications system. The higher level of player participation in satellite bingo has resulted in an increase in bingo revenues and proceeds. As well, top bingo prizes for single bingo games have been as high as $250,000.

The government adopted a recommendation of the Lotteries and Gaming Summit '98 to commit to the charitable gaming model for bingo and casinos. The Alberta Gaming and Liquor Commission also issued policies prohibiting minors from playing bingo in response to a recommendation of the Summit to restrict gaming activities to those of legal age. Some of the restrictions were later removed from smaller community bingo events, in response to a recommendation of the Bingo Review Committee in 1999.

Bingo Review Committee Appointed

In 1998, the Commission announced a comprehensive review would be conducted of the bingo industry, the first in more than 20 years. The Bingo Review Committee was appointed in December 1998 to conduct the review based on a terms of reference document that was developed by the Commission with the input of bingo stakeholders.

The Bingo Review Committee invited stakeholders to provide written input to the terms of reference or make verbal presentations at public meetings in May 1999. The Committee's report with findings and recommendations was submitted to the Commission in September 1999.

Ministry of Gaming Established

In 1999, the Alberta government appointed the province's first Minister of Gaming. In December the Minister announced the Gaming Licensing Policy Review to address gaming-wide issues and suspended consideration for new gaming facilities or activities pending the outcome of the review.

On July 27, 2000, the Minister of Gaming announced many recommendations of the Bingo Review Committee were adopted. The announcement listed the few recommendations that were rejected or deferred pending the Licensing Policy Review.

In response to one recommendation, the Commission established the position of bingo manager to act as the main liaison between the industry and Commission. It was an important step in recognizing the significance of bingo to the province. The Commission also accepted a recommendation to make mandatory the pooling of bingo proceeds before January 1, 2002. This requirement divides bingo proceeds equitably among charities holding bingo events in a bingo hall over a period of one month, based on the number of events held by each charity during that month. Thus charities are guaranteed revenue rather than face the possibility of losing money due to poor attendance or being allocated a bingo time slot in which revenues are predictably low or poor.

Regulating Bingo Becomes Complex

Twenty years ago bingo was a relatively simple game. It was generally viewed as a low stakes social activity involving family and friends in the community that generated modest funds for charitable or religious projects. While that type of bingo continues to exist to some extent in smaller community bingo halls, that is no longer the case for most of the bingo market which is dominated by association bingo.

Bingo generates gross revenues of more than one-quarter billion dollars per year. There is heavy demand by charitable organizations to hold association bingo events while there is a limited supply of bingo events or time slots.

Most community bingo halls generate gross revenues of less than $150,000 per year, while all bingo associations generate more than $750,000 and most in excess of $1 million and up to $12 million or more per year.

Bingo halls in the same area compete to attract the same player, typically by offering substantial prizes, higher levels of customer service, good concession operations, etc.

The infrastructure that brings bingo to the player is also more complex than in the past and comprises its own gaming industry. It requires a steady stream of volunteers to conduct bingo events in halls across the province.

The onus to run an association hall is placed upon its volunteer executive or management, a heavy requirement to expect of volunteers given the size and complexity of bingo. The volunteer management rely upon paid staff to assist in the operation, delivery and administration of bingo events in association bingo halls.

There are numerous levels within the bingo association structure. These include the front-line volunteers recruited by the charity licensed to conduct bingo; the executive members of the hundreds of charities holding bingo licences; the bingo associations comprising representatives from member charities; the executive of the association; the associations that belong to FABA and the executive of FABA comprising representatives from bingo associations across the province. Also involved in bingo are registered or paid staff of the bingo facilities, including bingo managers and workers; registered gaming suppliers and landlords who lease space to bingo associations for their bingo events.

As stated in the Bingo Review Committee report:

> There is no single voice for all bingo groups across Alberta. … FABA provides services to most bingo associations in Alberta, while community bingo groups have no comparable body. Moreover, FABA has been reluctant to make recommendations to the gaming authority on key issues without a majority of membership support. The result - along with the practical difficulty of representing bingo associations across Alberta which differ in size, practices, geographic locations, and specific demands - is that more pressure is placed on the gaming authority to respond to competing demands of the bingo industry. The result is a highly fragmented industry.

Despite the changes that have occurred in bingo, the image remains in the minds of most Albertans that bingo is a family or social activity and relatively harmless entertainment compared to some other forms of gaming.

Associations Determine Bingo Proceeds to Charitable Groups

A bingo association determines which groups may conduct bingo in its hall and how many events each group may conduct. Each association uses its own discretion to arrive at such decisions, based upon the association's criteria. Those criteria may differ from hall to hall.

Charities are thus challenged to gain access to association bingo halls before obtaining a licence from the Commission. If access is denied then the charity is effectively prevented from obtaining a bingo licence.

As association halls in the province comprise 90% of the bingo market, bingo associations also effectively control most of the access that charities may have to bingo events.

Charitable groups unable to access bingo events at association halls have lodged complaints to the Commission. The total number of charities that are denied access to association bingo events is unknown since there are no formal records available of such denials or rejections maintained by bingo associations.

In response to the complaints of charitable groups regarding access, bingo associations have argued that those groups which complain can form their own association and operate from their halls. Yet bingo associations are typically opposed to the granting of any new bingo association facility licences in their community, particularly if the local bingo market is stagnant or in decline. In such cases the associations argue new bingo facilities will dilute the market of any particular hall, reduce revenue to each hall, thus increase proportionally the cost of operations and ultimately may result in the closing of one or more halls.

To address some of those concerns regarding access by charitable groups to association bingo, the Bingo Review Committee recommended a central registry be created of those charities wishing to access association bingo. The Commission's Bingo Manager and FABA now review and address such complaints of charitable organizations.

C. Current Bingo Policies

Criminal Code Requirements

In Canada, the *Criminal Code* (Canada) establishes the legal foundation for gaming activities. All gambling that occurs in any province or territory must meet the requirements of the *Criminal Code*.

Bingo is considered a "lottery scheme." Bingo conducted by charitable groups would be illegal if it were not for provisions of Section 207(1)(b) of the *Criminal Code* which state it is lawful

> …for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;…

Section 207(2) of the *Criminal Code* allows a provincial authority to prescribe terms and conditions relating to the conduct, management and operation of licensed lottery schemes.

Gaming and Liquor Act (Alberta)

In Alberta, bingo is administered and regulated under the provisions of the *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta).

The *Gaming and Liquor Act* grants authority to the Commission to issue bingo licences and to impose conditions on those licences subject to the authorization of the Lieutenant Governor in Council (s. 35). The act also authorizes the Lieutenant Governor in Council to make regulations respecting conditions and eligibility requirements that must be met before a licence is issued or a person is registered (s. 126).

Gaming and Liquor Regulation (Alberta)

The *Gaming and Liquor Regulation* establishes the bingo licence, which "authorizes a bingo event in a licensed facility or other place specified in the licence;…" (s. 19(a)).

Under section 20 of the regulation, only charitable or religious organizations are eligible for a bingo licence and must satisfy the Board of the Commission the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the Board.

The regulation also establishes the following class of registration of gaming worker:

> "bingo worker: authorizes a person to perform a function specified in the registration at a bingo event;…" (s. 25(a)).

A "gaming worker" is a person paid to assist a gaming licensee in the conduct or management of a gaming activity (s. 24).

The regulation also establishes the bingo facility licence. That licence "…authorizes the operation of a facility in which a bingo event may be conducted" (s. 22(a)). Section 23(1)(2) of the regulation provides that: "A bingo facility licence may only be issued to the volunteer executive of a bingo association."

The regulation also requires anyone who deals in gaming supplies must be registered with the Commission (s. 27).

Bingo Policies

Bingo policies are contained in two documents. One is *Bingo Terms & Conditions and Operating Guidelines* which applies to association bingo. The *Bingo Licensee Terms and Conditions* are provided to licensees of both association and community or non-association bingo.

The underlying objective of bingo policies, as with charitable gaming policies in general, is as follows:

> The Alberta Gaming and Liquor Commission (AGLC) endeavours to ensure, through the setting of appropriate policies, procedures and terms and conditions for [the various charitable] gaming activities, that the financial return to charitable and religious groups is maximized for the benefit of the charitable organizations, the programs and activities they deliver and the communities in which these activities are undertaken (Alberta Gaming and Liquor Commission, *Charitable Gaming in Alberta*, 1999-2000).

The Commission aims to ensure the integrity of charitable gaming activities

> …through ongoing reviews of these gaming activities, the licensing process, and enforcement of policies, procedures and terms and conditions (ibid).

The eligibility requirements for charitable gaming licences, which include those for bingo, are described in detail in the appendix "Gaming Revenues, Disbursements and Use of Proceeds."

Association and Community Bingo

The following table outlines some of the key differences between the two major types of bingo in the province: association bingo and community or non-association bingo. While the 59 bingo associations in Alberta generate 90% of gross bingo revenue in the province, there are a few large community bingo halls that each raise more in annual revenue than many association bingo halls. These, however, are the exception. Generally, association bingo halls generate considerably more than community halls.

Bingo licensing policies generally acknowledge and reflect the differences between association and community bingo in the province.

Table 8-1: Distinguishing Features - Association and Community Bingo

FEATURES	ASSOCIATION BINGO	COMMUNITY (NON-ASSOCIATION) BINGO
Number of licensees involved	Each of the 59 associations across Alberta may consist of anywhere from 5 to 77 licensed member charitable organizations. Licensed non-members may also access association bingo, at the discretion of each association.	Generally, one per bingo hall. There are about 540 community bingo licence holders across Alberta, most of whom operate from their own facility.
Days of operation	From four to seven days per week.	Up to three days per week.
Number of events per day	Up to two (the Board of the Commission has approved up to three per day in special cases, e.g., to accommodate bingo halls that amalgamated operations).	No formal limit (none operate more than two per day).
Use of bingo facility	Dedicated exclusively for bingo.	Used for other community activities (four to six days per week) when not used for bingo.
Types of Games	May hold progressive bingo which must start out as a percentage of sales for the game.	May hold progressive bingo, and "seed" the game pot (does not depend on a percentage of sales to start the pot).
Staff	A number of paid staff permitted, including caller, cashier, bingo event advisor, association representative, satellite game controller, and security guard and bookkeeper, if required.	Typically caller and cashier are the only paid staff. All other services provided by volunteers of the licensed charitable organization.
Financial Reporting	Reporting requirements to AGLC by individual licensees and by each association. Associations must report monthly for events held in the month (RIBS) and submit an annual audited financial statement.	Reporting requirements by licensees only.
Overall expenses	Generally larger than community bingo, due primarily to paid staff, and common expenses shared among all participating members, including rented or leased facility.	Generally fewer expenses than association bingo since there are fewer paid staff; where the hall is owned by the bingo licensee, no rental expense is incurred.
Access	An issue with association bingo, since groups have complained about being unable to access association bingo or, if able to access, being allocated an inequitable number of events.	Not applicable, because the licence is typically granted to one charitable organization operating from its own hall.
General operational requirements	More requirements than community bingo; each member group must expend significant efforts to meet its volunteer requirements.	Simpler to operate than association bingo, both administratively and in satisfying volunteer requirements.
Overall gross revenue	59 association bingo halls, representing approximately 2,000 members, generate 90% of gross bingo revenue in the province.	About 540 licensees operating from their own halls generate 10% of gross bingo revenue in the province.
Average annual gross revenue among bingo halls	More than $750,000.	In the majority, less than $150,000.

This table appeared in the Bingo Review Committee report and has been updated for purposes of the Gaming Licensing Policy Review.

Only bingo using paper cards is permitted in the province. If electronic gaming devices were to be introduced to bingo halls by the province, as is recommended in this report, the *Criminal Code* requires they must be conducted and managed by the provincial government.

D. Current Situation Assessment

There is obvious demand by Albertans to play bingo based on the number of events held and the levels of revenue generated by bingo. See the revenue figures that follow.

Attendance and revenue levels from bingo have declined in the past decade, even though proceeds to charities from all charitable gaming activities has increased. The experience of Alberta is not unique. Bingo has been experiencing declining attendance in jurisdictions throughout North America. The reasons for the decline of bingo attendance in Alberta have been largely anecdotal since there has not been a detailed market analysis of bingo in the province to substantiate claims.

Bingo industry members in the province have claimed that government-run gaming, including electronic games such as VLTs and slot machines, has attracted bingo players and eroded the bingo player base. To sustain or grow market share they have requested electronic bingo and keno be introduced to bingo halls. The bingo industry is asking for a more level playing field to compete with casinos, which offer slot machines, and bars and lounges that offer VLTs.

However, as stated previously, only the provincial government through the Commission is permitted under the *Criminal Code* to conduct and manage electronic gaming devices. As such the Commission is obliged to examine the financial implications of introducing electronic games and to determine the potential impact on the return to charities. There is no guarantee that introducing such games will generate incremental sales for bingo when considering the potential cost to provide and service those games, the requirement the primary beneficiary of electronic games must be the Alberta Lottery Fund and the possibility electronic games may detract bingo players from traditional bingo games.

The Regulatory Legacy of a Traditional Gaming Activity

The primary agent of change and growth in bingo since the early 1980s appears to have existed within the bingo industry itself.

The roots of commercial style bingo in Alberta in the late 1970s and early 1980s were formed by charities themselves. In 1982, the gaming authority intervened and gave conditional approval to charities to operate in commercial style halls as long as they formed incorporated not-for-profit associations.

A more recent example regarding the matter of regulatory supervision relates to the granting of credits to bingo volunteers. In some cases, the volunteers of a licensed charitable group were given credits by the charitable organization for working at a bingo event. Such credits would typically be used to offset the fee or cost of participating in an activity or event, such as the cost of registration in youth sports. The granting of credits may not have been supported under bingo licensing policy, as it might have been viewed as a form of compensation for volunteer work. Today the granting of credits to bingo volunteers is a common practice. The Bingo Review Committee recognized those circumstances and recommended the granting of credits be allowed to continue because of the harm it would otherwise cause many groups that have come to rely on them (in particular sports groups, which in total receive more bingo proceeds than any other category of eligible charitable groups).

Regulatory Role

Historically bingo has been allowed to continue without much regulatory intervention, until commercial style bingo was introduced. Even then, bingo has continued to be viewed by the public in the traditional sense, as a family or social-oriented event.

What has been the net result of past regulatory or gaming licensing practices and approaches toward bingo? The role of deciding which charities may conduct and manage bingo in association bingo halls rests with bingo associations. Only after such charities are accepted to hold bingo in an association bingo hall are they directed to the Commission to obtain a bingo licence. Associations also determine the number of events and time slots that charities may access.

A similar situation does not exist in any of the other three charitable gaming activities or community bingo. For example, the Commission allocates casino events to all eligible charities through its licensing process. The situation with pull ticket sales or raffles is not comparable to that of bingo, because the licensees of those activities conduct them without limitation imposed by third-party charities, as is the case with association bingo. Community bingo is similarly not limited since charities typically hold the licensed bingo event in a facility they own or rent. In the case of access to association bingo, the playing field is not level for charitable groups in the province.

Bingo Revenues and Proceeds

The gross revenues and proceeds from bingo are provided in the chart that follows.

Chart 8-1: Bingo Revenues, Events and Licences - 1990 to 1999-2001

Year	*Gross Bingo Revenue ($000)*	*Prizes ($000)*	*Expenses ($000)*	*Charity Proceeds ($000)*	*Events*	*Avg. Charity Proceeds per Event*	*Licences*	*Avg. Charity Proceeds per Licence*
00-01[3]	288,216	184,228	52,931	51,057	46,707	$1,093	3,351	$15,236
99-00[2]	302,676	195,433	52,484	54,759	46,707	$1,172	3,351	$16,341
98-99[2]	319,849	206,667	54,534	58,648	49,320	$1,189	3,506	$16,728
97-98[2]	337,190	223,862	55,066	58,262	49,861	$1,168	3,572	$16,311
96-97[2]	332,433	223,216	53,933	55,284	51,000	$1,084	3,520	$15,706
95-96	313,272	216,781	49,753	46,738	51,881	$901	2,699	$17,317
94-95	317,367	222,431	49,117	45,819	53,609	$855	2,855	$16,049
93-94[1]	337,718	238,908	50,682	48,128	54,668	$880	2,867	$16,787
1992	329,246	232,757	46,622	49,867	52,641	$947	2,953	$16,887
1991	297,259	208,814	39,511	48,934	49,210	$994	2,709	$18,063
1990	276,677	194,903	35,356	46,418	47,798	$971	2,646	$17,543

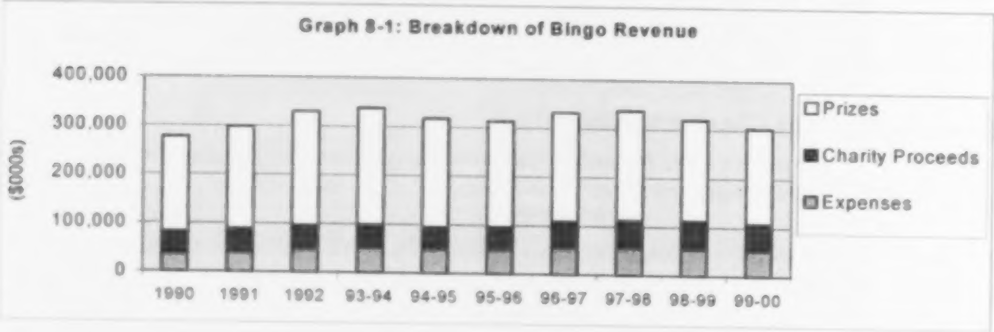
[1] The 1992-93 fiscal year was not included, due to the overlap between the 1992 calendar year and the 1993-94 fiscal year. In addition, the variations in the figures reported for 1993 as compared to 1993-94 were relatively small.

[2] Includes gross revenue received from satellite bingo

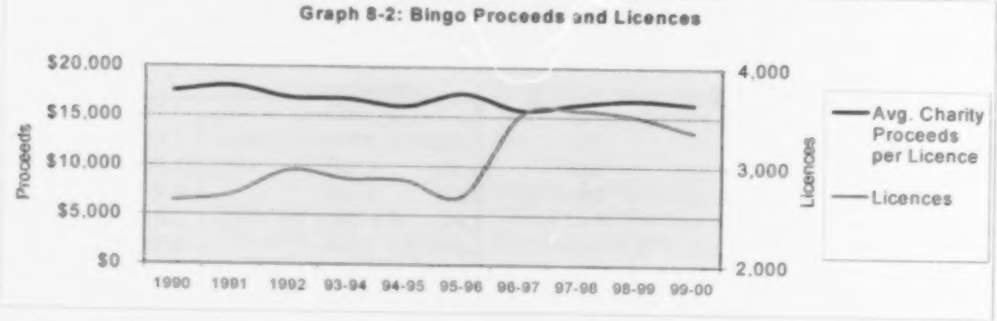
[3] The number of events and licences are estimated using actuals from on 1999-2000. Includes gross revenue received from satellite bingo

Of note, proceeds to charities from bingo have ranged over the past ten years from a low of $45.8 million in 1994-95 to a high of $58.6 million in 1998-99. The increase in sales in 1996-97 over the previous year is attributed mainly to the introduction of new games (e.g., satellite bingo, loonie pots, etc.).

The percentage of bingo prizes or winnings relative to total gross sales decreased each year over the six year period, from 70.1% in 1994-95 to 64.0% in 2000-2001. In addition, the expenses, as a percentage of gross sales, have increased each year over the six year period, from 15.5% in 1994-95 to 18.4% in 2000-2001. The figures may suggest that steadily increasing expenses has cut into net profits, a trend that may be worth further consideration or research.


Graph 8-1: Breakdown of Bingo Revenue

The average proceeds earned per event have generally increased since 1990. In the past ten years the average proceeds per licence ranged from a high of $18,063 in 1991 to a low of $15,706 in 1996-97. There has been a decline in the number of bingo licences issued each year over the past three years, but it is higher than the number of bingo licences issued from 1990 to 1995-96.


Graph 8-2: Bingo Proceeds and Licences

Seating Capacity in Association Bingo Halls

A recent review of seating capacity in association bingo halls across the province determined the weekly attendance in those halls ranged on average from 29% to 35% of capacity. In other words, most association facilities operate halls that are considerably less than half full on a regular basis. This materially effects costs and therefore the ability of charities to maximize their return from bingo.

In the Edmonton area, the space used on a regular basis was on average 35% of capacity and ranged from a low of 22% in one association hall to a high of 50% in another. By comparison, the Calgary average was 29% of capacity and ranged from a low of 12% to a high of 48%. Similar figures were reported for association halls in other parts of the province.

Even among successful halls the average attendance is less than 50%. In a successful Calgary hall with a seating capacity of close to 900, the highest attendance in the month of November 2000 was 577 (66%) and the lowest 167 (20%). The average attendance in the hall over the 60 events held during the month was 323 (37%).

Over the same period, in a successful Edmonton hall with seating capacity of about 700, the highest attendance in the month was 456 (65%) and the lowest 104 (15%). The average attendance in the hall over 60 events was 254 (30%).

Such figures suggest, within current bingo association facilities, there is considerably higher capacity than there is demand.

Proceeds Earned by Charitable Category

The following table provides a break down of the proceeds generated by licensees within the Commission's 15 charitable categories in 1999-2000.

Sports groups generated 30% of bingo proceeds followed by service groups that generated close to 15% and community groups 12%.

The average annual proceeds earned per licence was $16,341. The highest average proceeds was $25,000 earned by charities falling in the "other" category (that is, charitable groups which do not readily fall into any of the other charitable gaming categories). This was followed by foundations ($22,286 average proceeds per licence), medicine/health ($20,214), community ($18,560), sports ($18,305) and multiculturalism ($18,299).

Chart 8-2: Charities Benefiting from Bingo by Commission Category: 1999-2000

Charitable Category	*Gross Bingo Revenue ($000)*	*Licences*	*% Licences*	*Charity Proceeds ($000)*	*%Total Proceeds*	*Avg. Proceeds per Licence*
Agriculture	4,985	85	2.5%	922	1.7%	$10,847
Arts	23,221	245	7.3%	4,279	7.8%	$17,465
Community	37,343	352	10.5%	6,533	11.9%	$18,560
Education	19,064	268	8.0%	3,404	6.2%	$12,701
Foundation	1,744	14	0.4%	312	0.6%	$22,286
Medicine/Health	12,077	112	3.3%	2,264	4.1%	$20,214
Multiculturalism	22,056	211	6.3%	3,861	7.1%	$18,299
Other	1,450	12	0.4%	300	0.5%	$25,000
Recreation	4,841	77	2.3%	953	1.7%	$12,377
Religious	7,059	101	3.0%	1,277	2.3%	$12,644
Senior Citizens	5,545	99	3.0%	1,036	1.9%	$10,465
Service	43,848	516	15.4%	8,013	14.6%	$15,529
Social Action	20,891	267	8.0%	3,874	7.1%	$14,509
Sports	90,841	894	26.7%	16,365	29.9%	$18,305
Youth	7,711	98	2.9%	1,366	2.5%	$13,939
TOTAL	302,676	3,351	100.0%	54,759	100.0%	$16,341

Note: The "Other" category includes eligible charitable organizations that do not fit the criteria of the other 14 categories.

E. Landscape of Other Provincial Bingo Programs

Table 8-2: Landscape of Bingo in Other Provinces - 2000

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
British Columbia Conducted & Managed by: Licensed charitable bingo associations and charitable or religious organizations (independent bingos). Regulated & Licensed by: BC Gaming Commission	1999-2000 Licences issued: Figure not available. Class A: $10,000+ Class B: $10,000 or less/ calendar year. 41 bingo halls. Division of Revenue Charity Profit: $71.4 million* *Includes paper and electronic Superstar bingo and $21 million top-up and disbursements from the Provincial Trust. Top-up is revenue from gov't to compensate for impact of casinos on bingo halls. Disbursement from Provincial Trust is gaming revenue guaranteed by the province to charities.	Total Prize Value Limits In bingo hall: 50-65% of gross paper bingo revenue/event. Other than bingo hall: 50-70% of gross paper bingo revenue/event. Single Prize Value Limit $1000 (except approved promo or progressive prize). Minimum Return to Charity In bingo hall: 15% of gross sales/month. For each additional $50k the minimum increases by 1% to 35% Up to 1% of gross monthly sales may go to the Association for its use. Other than bingo hall: 15% of gross where total prizes do not exceed $26k in a 12 mo. period. 20% of gross where total value of prizes is $26k+ but not more than $60k in a 12 mo. period. 25% of gross where total value of all prizes exceeds $60k in a 12 mo. period. Expense Limits The balance remaining from gross monthly sales less prizes, less charity share can be used for expenses.	Minimum age: 19 for Class A license; bingo association/ operator can determine age for Class B licence. Other bingo: Electronic, linked (conducted & managed by the BC Lottery Corp) Licensed charities are the sole beneficiaries of all bingo gaming. Player reward programs allowed – but points may not be awarded on the basis of amount spent; maximum individual award is $100 in merchandise. Minimum return to charities is based on monthly bingo sales. Proceeds distributed to 2,557 charities in 1999-00. Licensees conducting bingo in locations other than bingo halls shall be limited to 52 events annually unless approval is granted by BCGC.

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
Alberta Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Alberta Gaming and Liquor Commission.	1999-2000 3,506 Licences issued Distribution of Revenue Gross Rev: $302.6 million Charity Profit: $54.8 million Prizes Paid: $192.7 million Expenses: $55.1 million 59 licensed association bingo halls; estimated 540 community bingo license holders.	Prize Limit: $15,000 per event, excluding satellite bingo and accumulated portion of progressive games. Expense Limit: 10% of gross revenue. Excludes facility rent, GST, licence fee, FABA and volunteer concession expenses. Return to charity: Event Limit: 2 events per day per association bingo (Commission has permitted up to three per day for amalgamated operations). Community bingo has no per day limits. No maximum for charities during bingo period licence.	Minimum age: 18 Minors may play free "fun bingo" with small, non-cash prizes; can also play regular bingo at halls with less than $150k annual sales – prize maximum $50; minor must be accompanied by an adult. Other bingo: media and satellite; electronic under review. Bingo suppliers and paid workers in bingo association must be registered by AGLC. Landlords who supply bingo equipment must also be registered. Licence Fee: $30 per association event. $30 per community event if gross revenue is greater than $150,000 per year. No fee for community events if gross revenue is less than $150,000.
Saskatchewan Conducted & Managed by: Licensed charitable and religious organizations. Regulated & Licensed by: Saskatchewan Liquor and Gaming Association	1999-2000 Number of licences issued not available. 470 licensed facilities: 33 Class A 157 Class C 280 Class C Restricted Class A – association hall Class C – community hall Class C Restricted – any other premise. Division of Revenue Not available.	Event Limit: Class B: 52 events per year Class C: 3 per week Class C/R: 1 per week Return to charity: Min. 20% of gross receipts. Prize Limits: Class A + C: $12.5k per event and 70% of gross sales monthly. Class C/R: cannot exceed $1000 per event. Expense Limit: 17% of gross revenue.	Minimum age: none – individual hall policy. Other Bingo: media

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
Manitoba Conducted & Managed by: Licensed charitable organizations and *Manitoba Lottery Corporation. *Bingos conducted in a premises not owned by a charitable organization; with six or more events held in any 7-day period; on premises whose primary purpose is the conduct of bingos. Regulated & Licensed by: Manitoba Gaming Control Commission.	1999-2000 535 licenses issued. Division of Revenue Gross Rev: $81.0 million Prizes Paid: $60.3 million Expenses: $9.5 million Net Profit: $11.2 million Two facilities owned and operated by MB Gov't. No hall may be used exclusively for bingo.	Event Limit: Determined by the Commission. Prize Limit: Specified by licensee. Expense Limit: 10% of gross revenue. Return to charity: None specified; assume as approved on application.	Minimum age: House rules must state the minimum age. Other Bingos: Electronic. Fees: Determined by the Commission. Licence fees not required for events with a fixed prize value of $150 or less. Licensees may use their own facilities, publicly owned facilities, facilities owned by charitable organization or owned by MB gov't.
Ontario Conducted & Managed by: Licensed charitable organizations. Regulated and Licensed by: Alcohol and Gaming Commission of Ontario	1998-99 210 bingo halls: 171 Class A 27 Class B 12 Class C 1,321 Licenses Issued 152 Regular Bingo 159 Special Bingo 1,010 Super Jackpot Bingo Distribution of Revenue Net Revenue: $296 million Expenses: Not available Prizes Paid: Not available Charity Profit: $171 million	Prize Limits Regular Bingo: $5,500 Special Bingo: $5,500+ Return to Charity In bingo hall: Minimum 60% of gross receipts minus expenses. Other than bingo hall: None specified. Expense Limits In bingo hall: None specified. Other than bingo hall: 15% of gross receipts	Minimum age: 18 Other bingo: media, linked bingo (conducted & managed by Ontario Lottery Gaming Corp) 1999-2000: Audited figures not available. Special Bingo: separately licensed game that is a part of the regular game of the prize – progressive bingo.

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
Quebec Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: RACJ	1999-2000 827 licenses issued for events held in bingo halls.	Prize Limits Between $200 and $3,500 (cash prizes only). Expense Limits Maximum 14% of gross receipts. Return to charity: None specified; assume as approved on application. Event Limits: 52 per year.	Minimum Age: 18 Other bingo: linked (conducted & managed by Societe des bingos du Quebec), media
Nova Scotia Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Nova Scotia Alcohol and Gaming Authority.	1999-2000 Number of bingo halls unconfirmed. 725 Licenses Issued 498 series 227 single Revenue Distribution Gross Rev: $90.3 million Prizes Paid: $66.2 million Expenses: $8.4 million Charity Profit: $14.3million	Prize Limits Total value (charitable or commercial) shall not exceed $15k for any day. Return to Charity Net operating receipts must constitute a minimum 15% of gross receipts. Expense Limits Must not exceed the amounts set out in the application of the license. Event Limit None specified in Ts&Cs.	Minimum age: 18 Other bingo: media, linked Issuance of any new commercial licenses is prohibited. Licenses issued prior to January 1, 1982 and have remained in continual operation may be renewed. Licence Fees $25 for charitable license $1000 commercial

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
New Brunswick Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Lotteries Commission of New Brunswick.	1999-2000 362 licenses issued Division of Revenue Gross Rev: $58.2 million Prizes Paid: $42.0 million Expenses: $5.4 million Charity Profit: $10.7 million	Prize Limits Total shall not exceed $15k in any 18-hr period, or in any one location. Return to Charity Minimum 15% of gross proceeds. Expense Limits Must not exceed the amounts set out in the application of the license. Event Limit 104 per year.	Minimum age: Unconfirmed Other bingo: A maximum 24 "Giant Bingo" events (total prizes in excess of $15k) per year are permitted. Licence Fees: $25 per license.
Newfoundland & Labrador Conducted & Managed by: Licensed charitable organizations. Regulated and Licensed by: Lotteries Licensing Branch Department of Justice.	1999-2000 553 licenses issued Division of Revenue Gross Rev: $23.9 million Prizes Paid: $18.6 million Expenses: $3.8 million Charity Profit: $1.6 million	Prize Limits Maximum combined payout for each bingo event is $3,000 (excluding linked and progressive games). Return to Charity Minimum 15% gross gaming-related proceeds. Expense Limits Maximum 20% gross proceeds. Event Limit Maximum 2 per week per licence, or 104 per year. Fee 1% of the total amount of the retail value of prizes and cash to be given away at the event.	Minimum age: None specified in terms & conditions. Other bingo: linked Bingo events are conducted in suitable premises as approved by the Licensing Branch. No licence period shall exceed twelve months unless authorized by the Lotteries Licensing Branch. There may not be more than 2 additional 50/50 style bingo games with non-accumulating jackpots

JURISDICTION	FACILITIES/LICENCES/ REVENUE DIVISION	EVENT/PRIZES/ EXPENSE LIMITS	COMMENTS
Prince Edward Island Conducted & Managed by: Licensed charitable or religious organizations. Regulated and Licensed by: Consumer Services Section Office of the Attorney General	1999-2000 50 licences issued. Division of Revenue Gross Rev: $14.9 million Prizes Paid: $10.4 million Expenses: $1.6 million Charity Profit: $2.6 million	Prize Limits None specified in Ts&Cs. Return to Charity None specified in Ts&Cs. Expense Limits None specified in Ts&Cs. Event Limit Maximum 2 per week per licence, or 104 per year. Fee 2% of total prize value.	Minimum age: None specified. Other bingo: None specified. Application for licensing of games with a prize value above $250 must be submitted to the Consumer Services Section. All events must be conducted and managed in the manner described in the approved application.
Yukon Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch Department of Justice	1999-2000 45 licenses issued. No permanent bingo facilities.	Prizes: Amounts exceeding $5,000 require a guarantee from a financial institute. Expense limit: Unconfirmed Event limit: 104 per licensee per year	Minimum age: 19 Other bingo: unconfirmed.
Northwest Territories Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch Municipal and Community Affairs.	1999-2000 95 licenses issued. No permanent bingo facilities.	Prizes: In excess of $30,000 require ministerial approval. Expense limit: None specified; assume as approved on application. Return to charity: Minimum 20%	Minimum age: Determined by licensee. Other bingo: media bingo
Nunavut Conducted & Managed by: Unconfirmed. Regulated & Licensed by:	Unconfirmed.	Unconfirmed.	Unconfirmed.

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and of stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on bingo.

The review process also included a review of gaming-related literature gathered from jurisdictions around the world. A few key sources are described here.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.
- *Findings from other jurisdictions*- The perspectives in a number of other jurisdictions, in particular other Canadian provinces.

The findings and recommendations of the Bingo Review Committee in its report of September 1999 have been taken into account. They have assisted the Gaming Licensing Policy Review in establishing the outstanding issues that need to be addressed in bingo.

Moreover, various bingo issues cross over to other gaming activities, such as eligibility criteria for charitable gaming licences and access to gaming events in the face of increasing demands by charitable organizations for gaming proceeds.

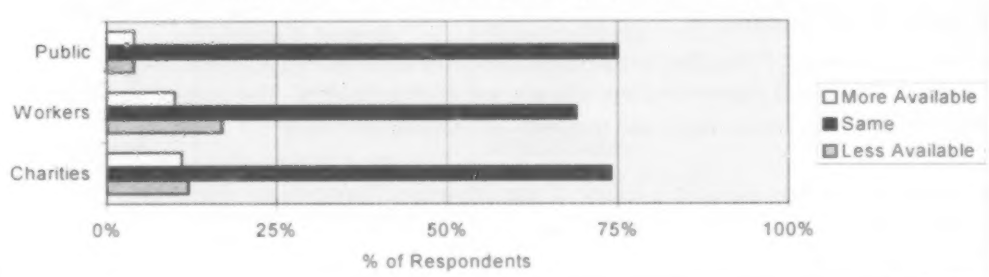
Another issue relates to the demand by the industry to introduce electronic bingo and keno in bingo halls. Under provisions of the Criminal Code a provincial government is the only authority that may conduct and manage electronic gaming in its province. In Alberta the Commission is an agent of the government for that purpose.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

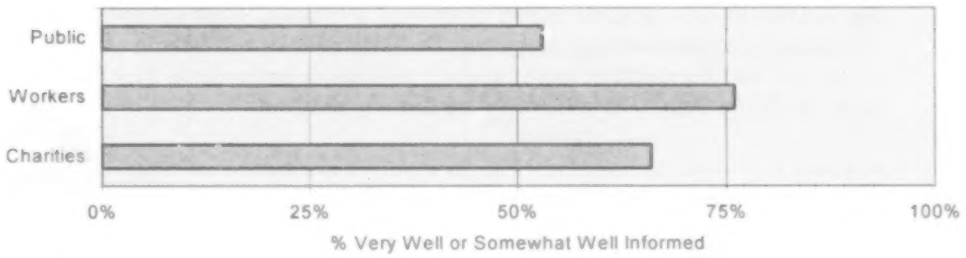
The research indicates most adult Albertans view bingo as a relatively harmless gaming activity. Most (75%) also feel the availability of bingo in the province should remain the same, while a number called for a decrease (21%) and some an increase (4%).

Graph 8-3: Desired Availability of Bingo (Albertans 18+)



During the Licensing Policy Review, about 53% of adult Albertans surveyed indicated they were somewhat or well informed about where bingo proceeds go, which is higher than for most other gaming activities.

Graph 8-4: Knowledge of the Use of Bingo Proceeds (Albertans 18+)



More than 90% of respondents also believe proceeds from bingo go toward a good cause, higher than the response for all other gaming activities except raffles, which received a slightly higher response.

More than half of the respondents rely primarily on the newspapers to learn where proceeds from gaming go. Generally, about half of respondents believe gaming proceeds go to government (even though all bingo proceeds go to charitable organizations).

Respondents indicated they would like gaming proceeds in general (without any specific reference to bingo) to go to charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). All other areas mentioned received less than 15% support.

About 11% of adult Albertans said they played bingo in a bingo hall over the past year and spent an average of about $80 on bingo in the previous month. That compares to 16% of adult Albertans that reported playing in 1993 and spending an average of $35 in the previous month.

While the percentage of adults playing bingo has fallen over the seven year period, the reported average amount spent increased.

About 9% of respondents said they would play bingo on a computer device in the next year if it was available to them.

Most bingo players prefer to play regular bingo at a bingo hall. A much smaller percentage also said they would play bingo at a First Nations casino on reserve land (approximately 33%), or local casino (approximately 25%). Close to 90% of bingo players indicated a preference to play bingo with a computer device in a bingo hall, although almost half said they would do so in a casino if it were available.

About 25% of bingo players would like to play bingo at a local casino. Out of 171 respondents, 39% said they would like to play keno at a bingo hall.

Of 110 respondents, close to 40% said they would play break-opens (pull tickets) from a dispensing machine at a bingo hall.

Only 17% of slot players said they would play slots if they were to be available at bingo halls. When compared to other gaming venues, a bingo hall was identified as the least preferred location to play this type of electronic gaming activity.

For respondents, the ideal features in a gaming facility of any kind are security and a clean, modern environment. Other features that also were rated highly included spacious surroundings, convenient parking, easily identifiable staff and non-smoking sections.

Stakeholders

Stakeholders were consulted in September and October 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups, and a representative survey of charities in the province and gaming workers.

Industry Stakeholders

During the consultations, most industry members and charitable organizations indicated the availability of bingo in the province should remain at its current level.

A bingo industry association representative indicated it is important to differentiate bingo as a gaming activity from other forms of gambling. It was stressed that bingo is more of a social game than other forms of gambling and it requires the Commission's assistance to survive and compete.

A bingo industry association member expressed the view that the registration and testing of bingo staff would benefit bingo as a whole and that most bingo associations in the province would agree. A concern of the association was about being targeted with the issue of minors being permitted to participate in bingo gaming. It was felt bingo is not addictive due to its slower pace and smaller jackpots and because it is a family, social-oriented activity.

A bingo stakeholder indicated bingo revenues have decreased since VLTs and slots were introduced and there is a need for the bingo industry to compete through new games, such as progressive games and games with a second element of chance.

A bingo industry association representative was opposed to consolidating smaller halls into large halls with more products. Others felt many of the current regulations protect a few weaker licensed bingo facilities and it was worth considering rationalizing the number of halls to assure an appropriate return. The view was expressed that the Commission's challenge is credibility and consistency. It was felt there was a need for a definitive plan for bingo rather than an "ad hoc approach." It was felt a long-term vision is needed to allow more activities to occur than presently is allowed in bingo. The association believes decisions made by the Commission in gaming affect every other sector in the gaming industry. It was also felt bingo associations need to have more flexibility in what they offer. For example, introducing regional linked bingo games was viewed as a possible saviour for bingo.

Some bingo stakeholders felt bingo is over-regulated and overly-controlled, a key issue to be addressed. They felt bingo halls are competing head on with casinos, which are attracting bingo players to play nickel slots, for example. It was felt introducing keno to bingo could help bingo.

A gaming industry association representative felt new products, such as keno, belonged in age-controlled locations, citing casinos and liquor lounges as examples.

A number of stakeholders felt the eligibility of charities for gaming licences in general should be carefully reviewed, suggesting some groups that deserve a charitable gaming licence are unable to obtain one. A view was also expressed that some less deserving groups continue to be issued charitable gaming licences at the expense of other more deserving charitable organizations.

Municipalities and Police Services

A representative of a municipal association felt it is important to maintain the credibility and integrity of the charitable model of gaming. The representative favours more equitable access of rural communities and small municipalities to the proceeds from gaming.

The representative of an urban centre indicated there was room for gaming facility expansion in the city. Questions were raised about how to measure the impact on charitable gaming activities such as bingo due to VLTs and casinos (casinos are another form of charitable gaming).

A representative of another urban centre indicated ongoing consultations regarding gaming are important and valuable. It was felt the Commission generally was doing a good job to balance growth and social responsibility. More information was needed about the extent of gambling problems in municipal jurisdictions.

The municipal representative expressed the view money should be spent identifying and treating gambling problems through AADAC. More should be done to educate Albertans about the benefits of gaming.

The representative of an urban municipality felt more should be done to address problem gambling and the negative impacts of gaming which have grown significantly in the past decade. It was questioned whether gaming provided net benefits or costs. The representative believed gaming was not sustainable in the longer term in regard to adding value to the province.

Representatives of various police services would like a better handle on the impact or cost of gaming in the province. One police service representative felt striking the right balance between social responsibility and growth means having information and a full cost benefit analysis, which would probably take years to obtain.

Police service representatives generally indicated they did not have resources to focus on gaming related criminal activity and would be open to joint forces with the Commission to cooperatively address crime. A representative of one police service was concerned an expansion of casino gaming will result in more indirectly-related criminal activities and violent crime. Another representative indicated more resources are needed to address policy and prevention programs related to gaming.

Services Agencies and Public Advocacy Groups

A public policy advocacy foundation held the province's charitable model in high regard, believing it reinforces the integrity of the entire gaming industry in the province. This view about the charitable gaming model, of which bingo is a part, echoes the perspective of many other stakeholders.

Some Findings from Other Jurisdictions

A British Columbia report on gaming legislation indicated, prior to changes being made to that province's bingo program:

> The existing bingo regime has provided a measure of protection for marginal halls. This is an impediment to the ability of the bingo sector to compete effectively in the current competitive gaming environment. …While hall failures should not be an objective, marginal halls should not be preserved at the expense of the entire bingo sector (*Report on Gaming Legislation and Regulation in British Columbia*, January 1999).

One of the report recommendations was: "Charitable bingo gaming could include "technology assisted" bingo where the Gaming Commission is satisfied that the technology is consistent with *Criminal Code* requirements."

In a report of the Canada West Foundation, which included a survey of Canadians about their behaviour and attitudes toward gambling, 70% of respondents strongly agreed (85% agreed overall) "…that the minimum age for entrance to a bingo hall should be 18 years, the highest level of strong agreement for any issue on the survey." That view was expressed among all age groups included in the survey (*Gambling in Canada Research Report No. 8: Canadian Gambling Behaviour and Attitudes*, February 2000).

Spending in bingo is declining in many jurisdictions throughout North America. For example, the Texas Lottery Commission noted:

> Gross receipts from bingo from the 2nd quarter were down approximately 4-1/4% from the 2nd quarter 1999 and approximately 5% from the first quarter of 2000. A separate report shows that receipts for bingo tickets have continued to fall in Texas. Receipts in 1995 were 139 million compared to 96 million in 1999. It was suggested that a good economy and more gaming opportunities were some factors contributing to the decline in bingo sales (Texas Lottery Commission, 2000).

For more information on the bingo programs of other provinces, see "E. Landscape of Other Provincial Bingo Programs."

G. Primary Issues and Recommendations

Assessing Proposed Bingo Policy Recommendations

The process of arriving at recommended bingo licensing policies was comprehensive, involving a number of steps.

The first step was to arrive at an initial assessment of current bingo licensing policies within the gaming licensing policy framework. Are bingo licensing policies clear comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about bingo licensing policies and gaming in Alberta generally. Information was also gathered about bingo activities occurring in other jurisdictions to provide comparisons with the province's activities.

That step was followed by an intensive review of stakeholder perspectives, findings from other jurisdictions, and assessing options to address bingo in Alberta over at least the next five years.

As policy options or strategies took shape, the following question was asked: How well does a proposed policy option or strategy measure up to the key elements of the province's licensing policy framework?

For example, the questions asked included:

- Does a proposed bingo licensing policy strategy meet the requirements of the *Criminal Code of Canada*, the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta)?
- Is it consistent with the government's general policies for gaming?
- Does it fit within the objectives and goals of the Ministry's three-year business plan?

Only policy strategies that met the key elements of the policy framework would be considered further. Recommendations were developed for consideration by the government.

Primary Issues

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a number of primary issues regarding bingo licensing policies. A number of recommendations for licensed gaming facilities, including licensed bingo facilities, appear in the section "Gaming in General."

The primary issues related to bingo and the respective recommendations appear under the following topic areas.

A. GENERAL PRINCIPLES

POLICY POSITION:

1. **Allow licensed bingo facilities a greater opportunity to compete in the gaming market of the province and bring greater added value to the bingo player, while operating within the guiding principles for gaming.**

Bingo is a significant charitable gaming industry in Alberta. In fiscal 2001 the industry generated total revenues of close to $288 million. About 90% of those revenues were generated from 59 association bingo halls throughout the province, which operate commercial-style halls up to seven days a week. The remainder of those revenues (10%) was generated by about 540 community bingo halls that hold bingo events up to three days per week.

Despite the size of the bingo industry, revenues from bingo have decreased by 15% over the past four years. A general view among bingo industry stakeholders is the industry has been in decline over the past five to 10 years even with the introduction of Satellite Bingo in 1996. While Satellite Bingo has boosted bingo revenues in the short term, it does not appear to have drawn more players to regular bingo games.

Bingo industry stakeholders have argued the playing field is not level for them and feel the Commission's gaming policies should allow them to compete with other gaming activities, in particular those offered by casinos. Bingo association stakeholders have asked, for example, electronic bingo, keno and bingo slot machines be introduced to their facilities to compete with other electronic games, including nickel slot games in casinos.

However, there are a few important distinctions to be made between charitable casinos and bingo, apart from the gaming activities offered. A volunteer executive manages association bingo. The volunteer executive group of a bingo association represents the charities that are members of the bingo association. Casino facility licensees, on the other hand, are private operators who are responsible for providing the facility and services for casino gaming. Casino operators work in partnership with each charity that holds casino events in their facility. This approach has numerous implications for the delivery of services.

For example, a casino gaming facility, while serving a charitable gaming activity, is run by a private company under the charitable gaming model. The operator has a direct and vested interest in the success of casino events. The charities licensed to hold casinos provide volunteers who perform key (financial) roles while the facility operator staff provides the professional delivery of gaming activities. In many cases, casino operators have made significant investments into the casino facility to appeal to and attract players. Albertans have indicated that a clean, safe and modern playing environment are important features in a gaming facility.

To compete with casinos and to operate on a level playing field, as the bingo industry is requesting, it is being recommended the association bingo model should evolve more closely to the successful model for charitable casino gaming. Among other considerations, bingo associations should have the opportunity to hire more paid staff and involve private operators in the delivery of bingo while providing volunteers for key financial positions. How bingo associations may respond to this or other opportunities recommended here would be left up to each association to decide. The first recommendation that follows applies to association and community bingo. The rest of the recommendations apply exclusively to association bingo.

BINGO RECOMMENDATION - 1

- **Give bingo licensees the flexibility to develop unique, competitive bingo programs subject to the guiding principles for gaming and requirement that charities obtain a minimum return from bingo events.**
  Comment - This recommendation would permit charities greater latitude in the prizes they may offer, types of games, and expenses they may incur to deliver bingo events than is provided under current *Bingo Terms & Conditions and Operating Guidelines*. The recommendation is aimed at providing further opportunities for both community and association bingo to compete more effectively within the bingo industry and in the gaming industry.

BINGO RECOMMENDATION - 2

- **Allow hand-held electronic bingo and rapid keno to be introduced as provincial lotteries to licensed bingo facilities as a way to generate additional proceeds for charities.**
  Comment – Hand-held electronic bingo units and rapid keno are electronic gaming devices. Such devices may only be conducted and managed by the provincial government.

  Hand-held electronic bingo is traditional bingo played through a hand-held electronic device. It is played alongside bingo played with paper cards and with the same odds of winning, prize structure and pay out percentage. Bingo stakeholders believe hand-held electronic bingo will help attract adult players to the bingo market, including younger adults.

  Rapid keno is an electronic game similar in format to bingo. Players choose a few numbers from 1 to 90 appearing in columns and indicate these on an appropriate card, which is inserted in a computer reader. The game computer generates a ticket indicating the numbers chosen. The prize amount depends upon the number of numbers chosen by the player and how many match those randomly chosen by the computer (Bingo Review Committee, 1999). Prizes are awarded over short intervals, for example, every five minutes while the game is being played.

  The Bingo Review Committee recommended electronic bingo and keno be introduced to bingo associations if the financial benefits outweigh the costs. The matter was deferred pending a review into the financial cost and potential return that might be generated.

Both hand-held electronic bingo and rapid keno would be subject to the new games approval process (see the recommendation under "New Games").

Minors would be prohibited from playing or volunteering in licensed bingo facilities that introduce these new games (see the recommendation in this section under "Public Interest, Social Responsibility").

BINGO RECOMMENDATION - 3

- **Allow licensed bingo facilities to introduce other electronic bingo gaming devices that offer bingo-theme games provided the devices are used to participate in the live bingo events. The introduction of these devices is subject to the new gaming activity approval process as recommended.**

  Comment - Stakeholders have indicated electronic gaming devices with bingo themes, in addition to hand-held electronic bingo and rapid keno as recommended above, are a way to revitalize bingo and allow the industry to better compete in the gaming market of the province.

  An electronic gaming device with bingo-theme games means a bingo-console unit that allows the player to play bingo during the live bingo event. In this regard, the console unit is similar to a hand-held electronic bingo unit, described earlier. The console unit differs from the hand-held unit by allowing the bingo player to engage in personal play games apart from the live bingo event. If these consoles were to be introduced, it is recommended such games must have a bingo theme. Such games would include personal-play bingo and keno, and video pull-tickets.

  As these units are electronic gaming devices, they may only be conducted and managed by the provincial government.

  Bingo facility licensees that wish to introduce electronic gaming devices with bingo themes would be subject to the requirements for new games (see the recommended process to introduce new games under the section "New Games").

  Minors would be prohibited from playing or volunteering in licensed bingo facilities that introduce electronic gaming devices (see recommendation in this part under "Public Interest, Social Responsibility").

  Stakeholders in the bingo industry have asked that slot machines be allowed in licensed bingo facilities. This request was considered during the licensing policy review, but slot machines are not being recommended for bingo facilities. Bingo stakeholders feel that bingo should be differentiated from other gaming activities. Having slots would be contrary to that position. In the public opinion research, relatively few slot players would play slots in bingo halls. Most prefer to play to them in casinos. Essentially, slot machines do not complement bingo and are not recommended for licensed bingo facilities.

BINGO RECOMMENDATION - 4

- **Require a licensed bingo facility that offers electronic gaming devices with a bingo theme, other than hand-held electronic bingo and rapid keno, to the meet specific, higher facility standards.**
  Comment - Facility standards relate to physical aspects of the facility including security, appearance and amenities. Albertans have indicated the most appealing features in a gaming facility are security and a clean, modern environment. Players expect more for their recreation or entertainment dollar. A recommended guiding principle for gaming is that gaming activities meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta. The Commission would be amenable to installing approved electronic gaming devices with a bingo theme in licensed bingo facilities that meet specific, higher facility standards. This requirement is consistent with general recommendations for licensed gaming facilities, including those that apply to casino facilities.

BINGO RECOMMENDATION – 5

- **All eligible charities must be given equitable, fair access to bingo events and the resulting proceeds in a licensed bingo facility that offers an electronic gaming device that provides both electronic bingo and other bingo-theme games.**
  Comment - Electronic gaming devices must be conducted and managed by the provincial government, as required by the *Criminal Code.* The Commission is the provincial government's agent for purposes of conducting and managing electronic gaming devices. A policy position of the Commission is that the proceeds from electronic gaming devices, which are used in charitable gaming, must be available in a fair and equitable manner to all eligible charities. This is consistent with the practice for casino gaming in which the Commission allocates casino events to all licensed, eligible charities.

  Currently, bingo associations, using their own criteria and standards, determine how many events a licensed charity may obtain and when (the charity must have a bingo event licence from the Commission to hold a bingo event). They may also restrict access to a limited number of charitable groups.

  Under this recommendation, the Commission must allocate charitable bingo licences and events in licensed bingo facilities that introduce electronic gaming devices (other than electronic bingo or keno).

BINGO RECOMMENDATION - 6

- **Allow bingo facility licensees the option of hiring additional staff to deliver a consistent level of service to bingo players. The licensed charities must continue to fill key (financial) positions in bingo and meet guaranteed minimum returns from bingo events as recommended.**
  Comment – Two bingo associations have requested more paid staff. This recommendation would allow that to occur as long as the key financial positions (for example, bingo chairperson, paymaster, bonanza controller and special games

controller) continue to be provided by volunteers of the licensed charity. The functions of other volunteer positions such as sellers and checkers may be provided by paid staff. The service levels in association bingo will vary because association halls throughout Alberta each have anywhere from five to approximately 75 member groups who are licensed to hold bingo events in the halls. Moreover, charitable groups experience regular turnover of executive members and other volunteers. Additional paid staff would to help to address such issues by delivering consistent service to players.

Bingo has the largest volunteer requirement among all charitable gaming activities. In 1999-2000, there were close to 47,000 bingo events held under approximately 3,400 bingo event licences. On average, a charity holds bingos an average of approximately 12 to 14 times per year. Typically, a minimum of 15 volunteers are required for bingo in bingo associations. Bingo events through bingo associations comprise 90% of the bingo market in Alberta. The Bingo Review Committee (1999) indicated that in 1997-98 an estimated 2.7 million hours of volunteer service were provided in association bingo alone.

BINGO RECOMMENDATION - 7

- **Allow bingo facility licensees the option of having a private operator become directly involved in delivering bingo to players, to encourage higher facility and service standards.**
  Comment - This is consistent with the practice of charitable casinos, in which licensed charities conduct and manage casino events at arm's length from the casino facility licensee, a private operator. The charities, holding key (financial) positions, work as partners alongside the licensee and casino staff during the casino event to ensure a successful casino. The charities expect a high level of service from casino facility licensees for the smooth delivery of casino events for customers. Casino facilities licensees have a direct and vested interest in the facility and its standards; many of them have improved their facilities over the past few years, in effect increasing the standards for casino gaming in the province

BINGO RECOMMENDATION - 8

- **Different bingo facility licensees operating in the same region or market area are strongly encouraged to amalgamate operations in order to make better use of existing facilities, reduce expenses and generate higher returns from bingo events.**
  Comment - Association halls operate at an average of 29% to 35% of attendance capacity. There is considerably more seating capacity within the province's current bingo association facilities than there is demand to play bingo. This materially affects costs and therefore the ability of charities to maximize their return from bingo and to compete more effectively with other gaming activities. The recommendation is one approach to reduce bingo-operating expenses in a community or region and allow more charities to participate through the better or more intensive use of an existing bingo facility.

BINGO RECOMMENDATION - 9

- **Allow licensed bingo facilities that are age-controlled the option of obtaining a liquor licence.**
  Comment - This recommendation is consistent with the standards in all dedicated gaming venues, including charitable casinos and racing entertainment centres.

B. PUBLIC INTEREST, SOCIAL RESPONSIBILITY

Most Albertans view bingo as a relatively harmless gaming activity. Even so, bingo may be a source of difficulty for some people who engage in gaming activities. In 1998-99 the Alberta Alcohol and Drug Abuse Commission (AADAC) indicated that 10.2% of their admissions for problem gambling cited bingo as the most frequent type of gambling. The other admissions with higher responses were VLT gaming (66.6%) and casinos (12.7%).

Licensed bingo facilities or bingo association facilities account for 90% of bingo activity in the province. They are required to post signs and information related to problem gambling. These include posters with the 1-800 problem gambling help-line number. It is recommended elsewhere the staff of all licensed gaming facilities, including licensed bingo facilities, take problem gambling awareness training (see "Public Interest, Social Responsibility" under the section "Gaming in General" of this report).

POLICY POSITION:
1. Restrict gaming in licensed gaming facilities to those of legal age.

Most Albertans and stakeholders support age-restricted gaming facilities.

Association bingo halls account for 90% of bingo revenue in the province. They are dedicated commercial-style facilities for bingo events up to seven days per week. A minor is allowed to play free bingo in an association hall if accompanied by a responsible adult. Prizes may only be small merchandise prizes; cash prizes are prohibited.

This rule for licensed bingo facilities (association bingo halls) is an anomaly. Casinos, which also are licensed gaming facilities that are dedicated to gaming activities, restrict access to those of legal age.

BINGO RECOMMENDATION - 10

- **Prohibit minors, other than volunteers of a charity, from entering a licensed bingo facility.**
  Comment - Albertans and many stakeholders support restricting gaming activities to those of legal age. Stakeholders want policies to be applied consistently. To prohibit minors from playing in association bingo halls would be consistent with the policies that prohibit them from entering other licensed gaming facilities, specifically casinos.

  However, volunteers in association bingo events have traditionally included minors. To alter this requirement could harm the ability of many charities to hold bingo events, such as minor sports groups that have relied upon minors to assist them in holding bingo events in support of their community activities.

BINGO RECOMMENDATION - 11

- **Require that both players and volunteers be of legal age in licensed bingo facilities that introduce electronic gaming devices.**
  Comment - Bingo associations have requested electronic gaming devices be introduced to bingo halls. Licensed bingo facilities that introduce electronic gaming devices, including electronic bingo, should be age-restricted. Only players and volunteers who are of legal age (18 years or older) should be permitted access. This is consistent with the public view electronic gaming activities are generally considered "harder" forms of gaming.

C. ENFORCEMENT, FINANCIAL CONTROLS AND SECURITY

Most Albertans and stakeholders believe the Commission's enforcement practices, financial controls and security are satisfactory. Nevertheless, issues arise from time to time regarding the lack of compliance with respect to bingo policies.

Charitable gaming policies are also aimed at ensuring an appropriate division (or percentage allocation) of bingo revenue for prizes, expenses, administration and, ultimately, the proceeds raised to serve charitable purposes. The aim of establishing policies for controlling expenses is to ensure the financial return to charities is maximized.

The integrity of gaming is important to Albertans and stakeholders. Ensuring the integrity of gaming is one of the Commission's key priorities and a guiding principle for administering and regulating gaming activities.

POLICY POSITION:

1. Maintain the integrity of bingo gaming activities.

Ensuring the integrity of gaming is one of the Commission's key priorities and a guiding principle for developing gaming policies. Cases have been reported of volunteers and paid staff of bingo halls violating bingo policies of the Commission. In many cases it is believed such violations result from a lack of knowledge about the rules for bingo.

BINGO RECOMMENDATION - 12

- **Test specific paid bingo staff for knowledge of bingo policy and procedures and establish minimum test score standards for registration as a gaming worker in Alberta**
  Comment - Bingo stakeholders support the testing of prospective bingo paid staff. The testing of prospective paid staff helps to attain a standard of knowledge among workers. That knowledge includes an understanding of the bingo terms and conditions established by the Commission.

For some time, casino gaming workers have been required to undergo testing of their knowledge of casino operations and policies. Those who pass the test may be registered by the Commission and qualified to work in a licensed casino facility.

POLICY POSITION:

2. Facilitate improved financial reporting by bingo associations.

The Bingo Review Committee identified a common issue among bingo associations is the large amount of paperwork or record keeping required of bingo operations under bingo policies. Stakeholders welcomed ways to reduce that requirement.

BINGO RECOMMENDATION - 13

- **Standardize and automate bingo financial reporting systems in association bingo through the use of an approved point of sale (POS) system.**

  Comment - Currently, most bingo financial reporting for association bingo is prepared manually then transmitted to the Commission using the Remote Bingo Information System, or RIBS. There continues to be inaccurate reporting of bingo event financial data.

  A point of sales (POS) system in all licensed bingo facilities would reduce the paper burden for associations and charities, automate record keeping, bring about greater consistency in reporting across different bingo operations and reduce the errors that occur through the manual reporting process. Some association bingo halls use point of sale (POS) systems to electronically track and report sales.

CASINO
GAMING

CASINO GAMING (Table Games)

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C. Current Casino Policies
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A. Introduction

Casino gaming (table games) is a form of charitable gaming in the province. Casino events may only be held when the Alberta Gaming and Liquor Commission, under provisions of the *Gaming and Liquor Act* and policies of the Commission Board, issues a casino event licence to an eligible charitable or religious organization.

The licence authorizes the organization to hold a casino event at a permanent, licensed casino facility or during a special occasion event, such as a major exhibition. The licensed organization is required to provide volunteers for various key positions during the casino event and to use the proceeds it earns for approved charitable or religious purposes.

This section discusses the background to casino gaming in the province. It provides key information related to current casino policies and an assessment of the current situation regarding casino gaming, including a discussion of the First Nations gaming policy that allows for on-reserve casinos, announced by the government in January 2001. As well, the casino policies of other provinces are provided for comparison.

Highlights of some key views and perspectives of Albertans and those of stakeholders regarding casinos are also provided.

This section concludes with recommendations to address primary issues that were identified during the Gaming Licensing Policy Review.

B. Background

Casinos in Alberta

Casino gaming (table games) is a form of charitable gaming. It is governed by the *Criminal Code* (Canada), *Gaming and Liquor Act* (Alberta), *Gaming and Liquor Regulation* (Alberta), and the policies of the Board as contained in *Casino Licence Terms & Conditions and Operating Guidelines* and *Casino Terms & Conditions and Operating Guidelines*.

In Alberta, casino gaming typically includes both table games and slot machines and is held in a facility licensed by the Alberta Gaming and Liquor Commission. In this section, casino gaming refers to the table game activities offered in casinos. For a detailed discussion about electronic gaming devices, see the separate section "Slot Machines."

The casino facility may only operate under a casino event licence issued by the Commission to an eligible charitable or religious organization. The charitable or religious organization is required to provide volunteers for various key financial positions during the casino event and earns proceeds from the table games at the casino event. The proceeds must be used for approved charitable or religious purposes. Charitable volunteers have no direct role or involvement in the operation of slot machines during the charitable casino event.

This charitable model of casino gaming in Alberta is distinct from the casino model of a number of other provinces, in which casino gaming is conducted and managed by government through a crown agency and net revenues are allocated at the discretion of the government. In Alberta, licensed charitable groups conduct and manage table games at casino events.

Casino Table Games and Slot Machines

There is an important distinction to be made between the conduct and management of casino table games and that of slot machines in casino facilities.

Charities are licensed specifically to conduct and manage the table games in Alberta casinos. This is possible through provisions of the *Criminal Code*, which authorizes the provincial government to issue licenses to charitable and religious organizations to conduct and manage specified types of lottery schemes as long as the proceeds are used for charitable or religious purposes.

Under Alberta's *Gaming and Liquor Act*, a casino event (or the operation of the casino) occurs under a licence issued by the Commission to a charitable or religious group. The group earns net proceeds from the table games and also receives a commission from the slot machines. The casino facility licensee receives a fee for providing space and services.

Under the *Criminal Code*, only a provincial government may conduct and manage electronic gaming devices such as slot machines. The *Gaming and Liquor Act* authorizes the Commission to fulfill that role on behalf of the province. In that regard the Commission enters into an agreement with casino facility licensees to provide various services to operate slot machines during licensed casino events. The licensed charitable groups have no direct role or function regarding the operation of slot machines, but are paid a commission for allowing the province to operate slot machines during their licensed casino event. Further details are provided in the separate section "Slot Machines."

In 2000-01, almost 2,700 casino event licences were issued. Casino table games generated gross revenues of approximately $610 million and returned $499 million in prizes to players. Charities received $34.3 million from casino gaming. An additional $52.4 million in net revenues from slot machines was provided to charities that held casino events, for a combined total of $86.8 million. Charities paid $77 million in expenses to casino facility operators, casino advisors, trustees and others for their services related to table games.

Types of Table Games

Following are the types of table games currently permitted in casinos in the province:

- Blackjack (Lucky Sevens, Multiple Action Blackjack, and Hole Card Blackjack)
- Mini Baccarat
- Poker (Seven Card Stud, Texas Hold'em, Omaha Hold'em, High/Low Split and Bad Beat Poker Pots)
- Pai Gow Poker
- Other Table Games (Red Dog, Super Pan Nine, Casino War)
- Roulette
- Sic Bo
- Approved Wheels of Fortune
- Caribbean Poker (Caribbean Stud Poker and Caribbean Draw Poker)
- Let It Ride
- Wild Jackpot Poker
- Tile Pai Gow
- Hand-Held Mini-Baccarat
- Craps

Types of Casino Licences

There are two types of casino licences: (1) the casino event licence and (2) the casino facility licence.

The *casino event licence* is issued to a charitable or religious organization, or to an agricultural fair or exhibition, which authorizes the holding of casino table games for a specified period of time in a licensed casino facility. The licensed charity is required to provide volunteers for various positions during the casino event. The eligibility criteria for a charitable gaming event licence are described in the appendix "Gaming Revenues, Disbursements and Use of Proceeds." The fee for a casino event licence is calculated by multiplying the number of gaming tables by $15, and multiplying that amount by the number of casino days authorized under the licence. Poker tables are excluded from the calculation.

A *casino facility licence* is issued to a person or affiliated group of persons or a company that meets the requirements of the *Gaming and Liquor Act* and the *Gaming and Liquor Regulation* and is approved by the Board. The casino facility licensee must provide space and services to licensed charities holding a casino event that meet the standards and requirements outlined in *Casino Terms & Conditions and Operating Guidelines*.

Evolution of Casinos in Alberta

Agricultural fairs and major exhibitions in the province played a pivotal and pioneering role in casino gaming. The province's first casino opened at Edmonton's Klondike Days annual fair in 1967 and was operated by a non-profit group. The casino was opened for one week and held at the Silver Slipper Saloon on the Edmonton Exhibition grounds.

The Calgary Stampede opened the Frontier Casino on the Stampede grounds during its summer exhibition in 1969.

In 1970, the *Criminal Code* was amended, transferring the authority to license and operate lottery schemes from the federal government to provinces. At this time, both the Calgary Stampede and Edmonton Northlands operated up to three casinos per year.

1970s - Charitable System of Gaming

The charitable system of casino gaming was developed in the mid seventies. In 1974, 158 casino event licences were issued in the province. The total drop (money spent to buy chips) in that year was $4.4 million.

The first non-profit casino venue was established by the Kinsmen Club in Edmonton in 1975. At about the same time Edmonton Northlands and Calgary Stampede agreed to hold one casino per year in exchange for having the exclusive right to operate casinos during the time of their 10 day summer fairs.

Starting in 1976, the licensing system was based on: casinos being an alternative fundraising activity by eligible community organizations, which were required to be accountable for the use of proceeds and the conduct and management of casino gaming being the responsibility of the charity. These formed the key elements of the charitable gaming model for casinos in the province.

From June 1, 1976 to December 31, 1980, three casino licences were issued per week in Calgary and Edmonton. Only one public casino could be held at a time in any city.

1980s - Permanent Charitable Casinos

The province's first permanent, privately-operated charitable casino opened in Calgary in 1980 and the second was established in Edmonton in 1981.

Beginning in 1981, the licensing authority held random draws once every two months to determine the dates when an eligible charity could hold a casino event. They involved drawing a casino date from one envelope and drawing a charity name for that date from another envelope to match the two. The names of the charities were placed in the random draw on a first come first served basis to hold a casino in the next available two month period.

In 1985, the *Criminal Code* was amended, granting authority to the provinces to conduct and manage mechanical and electronic gaming devices. It would be more than 10 years before the province would introduce slot machines to casinos.

In 1987, charities were given the option to pool revenues from casino events. In 1988 the number of allowable casinos per week was increased to eight from four. The number of blackjack tables permitted in casinos was increased. The betting limit was increased to $50. Starting in October, 1988, casino draws were held every six months on a first come first served basis.

In 1989, casino draws were held quarterly.

1990s - Growth of Casino Gaming

In July 1990, charities were permitted to enter into pre-signed agreements with facility operators to hold a casino event in the operator's facility. Mini Baccarat was permitted in casinos in 1990.

In 1995, the Lotteries Review Committee conducted public hearings, seeking input into various issues on future directions for lotteries and gaming in the province. One of the issues dealt with how casinos should operate in the future. It made various recommendations in this regard (see "Current Casino Policies" in this section). In 1995 the number of permanent casino facilities increased to 11 full-time casinos and three that operated on weekends.

In July 1995, the Alberta Gaming and Liquor Commission amalgamated all liquor and gaming regulatory, enforcement and marketing agencies, including the Alberta Gaming Commission, the Gaming Control Branch, Alberta Lotteries and Gaming and the Alberta Liquor Control Board. In July 1996, the Alberta Gaming and Liquor Commission would be formally established in the *Gaming and Liquor Act* (Alberta).

In September 1995, poker was introduced to casinos.

Between 1985 and 1995 new casino facilities were opening and, due to the resulting increase in facility fees charged by operators, the charitable groups' share of proceeds decreased. Various changes were made to casino policies in 1996 to address the decrease in the charities' proceeds.

In January 1996, up to nine licences were issued per week in Edmonton and Calgary. The number of licences was increased to 12 per week in the two cities starting July 1, 1996.

Slot machines were first introduced into summer fair casinos and then, beginning in 1996, installed into permanent casino facilities and racing entertainment facilities.

Facility Fee Fixed to a Maximum Percentage of Net Revenue

Two changes were made on July 1, 1996, to address the issue of charities losing money during casino events.[*] The operating expense fee which had to be paid before a charity could earn any casino proceeds was removed. In its place casino operators were limited to a fixed fee that could not exceed a maximum percentage of the net proceeds (after prizes). In addition the pooling of casino proceeds was made mandatory at all casino facilities in the province to even out the disparity in net revenues between different casino events at the same casino facility. This averaging of revenues guaranteed charities would earn proceeds from a casino event rather than experience a loss as had occurred previously.

The Commission began to license casino facilities in 1996, under the province's new *Gaming and Liquor Act* and *Gaming and Liquor Regulation.*

First Nations' Interest in Gaming

First Nations began to express interest in operating casinos to fund economic development in the 1990s. The Native Gaming Committee, comprised of government MLAs, submitted its report to the government with recommendations in April 1996. To assure the viability of casinos as a source of revenue for non-profit organizations, the committee recommended a maximum of four First Nations casinos be licensed on reserves, or contiguous to the reserve and that First Nations casinos be subject to the same rules, regulations and legislation as other charitable casino gaming initiatives.

Casino Gaming Transformed

Various developments helped to begin the transformation of the province's casinos from basic gambling rooms to more elegant destinations that were expanded to allow space for slot machines. Among them were the relocation of the Palace Casino in August 1996 and the opening of Baccarat Casino in October 1996 and Casino Calgary in May 1997.

On July 28, 1997, the casino operating guidelines allowed the maximum number of slot machines in casino facilities to be doubled, the hours for table games to be extended by one hour to a maximum of 14 and for liquor to be served on the casino gaming floor. The Silver Dollar Casino in Calgary was designated to serve rural communities around Calgary.

Beginning on October 1, 1997, casinos could operate on Sundays.

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[*] Such losses were experienced for various reasons. Among them, the building of new casino facilities resulted in an increase in the facility fee cost. Charities were required to pay the facility fee cost before they could earn any proceeds from casino events. To protect themselves from the possibility of losing money they could buy "no loss insurance." In addition, the level of net revenues earned from casino to casino was based on the luck of the draw. For example, the amount earned would be influenced, among other factors, by when the event occurred. In the larger centres since only one casino event was held on Monday or Tuesday, charities typically earned more in revenue than casinos held other days when more casino licences were issued and there was more competition for the casino dollar.

Effective April 1, 1998, revenue from slot machines was pooled on a city-wide basis, affecting the cities with more than one casino facility (that is, Edmonton with four casino facilities, Calgary with five, Red Deer with two and Lethbridge with two). Previously the revenue was pooled by facility.

The Alberta Lotteries and Gaming Summit '98 was held in Medicine Hat in April 1998. The government accepted or accepted in principle all of the summit recommendations, including the recommendation the charitable model for operating casinos and bingo be maintained.

In December 1998, casinos were permitted to operate poker rooms during extended hours, beyond those of the rest of the casino, as long as the room could be accessed by a separate outside entrance during the extended hours. The policy change was aimed at discouraging illegal poker rooms from operating in the province, in particular in Edmonton and Calgary.

Casino operators have expanded their facilities since 1997 to accommodate additional slot machines and attract additional slot players. The incremental sales generated through slot machines would help to make expansion and renovation viable. Those facilities that performed renovations and invested in decor and ambience experienced higher increases in sales while those that did not experienced declines in sales.

On May 25, 1999, the provincial government established the Ministry of Gaming, the first in Canada.

In the summer of 1999, the Cash Casino in Lethbridge closed.

Craps was legalized by an amendment to the Criminal Code in 1999. In that year various casino facilities in the province began offering this dice game to their customers.

The Gaming Licensing Policy Review was announced in December 1999. The Minister of Gaming requested, pending the outcome of the review, the Commission suspend consideration of requests to license or approve new casinos, casino expansions or re-locations, new games and new gaming environments.

Proceeds to charities from casino slot machines was $52.4 million in 2000-01, exceeding for the first time the proceeds from casino table games. Slot revenue had increased dramatically since 1995-96 when casino slot machines were introduced and generated $166,000 in proceeds to charities.

2000s - First Nations Gaming Policy

The government announced the First Nations Gaming Policy in January 2001, which will allow for on-reserve casinos. The specific terms and conditions for on-reserve casinos, to be developed as part of the Gaming Licensing Policy Review, are to be consistent with those for other casinos in the province with the exception that First Nations charity workers will be paid for their participation and the casino event licensee can be one umbrella charity.

C. Current Casino Policies

Criminal Code Requirements

In Canada, the *Criminal Code* (Canada) establishes the legal foundation for gaming activities. All gambling that occurs in any province or territory must meet the requirements of the Criminal Code.

Casino table games are considered a "lottery scheme." These table games would be illegal if it were not for provisions of Section 207(1)(b) of the *Criminal Code* which state it is lawful

> …for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;…

Section 207(2) of the *Criminal Code* allows a provincial authority to prescribe terms and conditions relating to the conduct, management and operation of licensed lottery schemes.

Gaming and Liquor Act (Alberta)

In Alberta, casinos are administered and regulated under the provisions of the *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta).

The *Gaming and Liquor Act* grants authority to the Commission to issue casino licences and to impose conditions on those licences subject to the authorization of the Lieutenant Governor in Council (s. 35). The act also authorizes the Lieutenant Governor in Council to make regulations respecting conditions and eligibility requirements that must be met before a licence is issued or a person is registered (s. 126).

Gaming and Liquor Regulation (Alberta)

The *Gaming and Liquor Regulation* establishes the casino licence, which "authorizes a casino" (s. 19(d)).

Under section 20 of the regulation, only charitable or religious organizations are eligible for a casino licence and must satisfy the Board of the Commission the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the Board.

The regulation also establishes the following class of registration of gaming worker:

> "casino worker: authorizes a person to perform a function specified in the registration at a casino;…" (s. 25(a)).

A "gaming worker" is a person paid to assist a gaming licensee in the conduct or management of a gaming activity (s. 24).

The regulation also establishes the casino facility licence. That licence "...authorizes the operation of a facility in which a casino may be conducted" (s. 22(b)). Section 23(1)(3) of the regulation provides that: "A casino facility licence may only be issued to an individual, partnership or corporation."

The regulation also requires anyone who deals in gaming supplies must be registered with the Commission (s. 27).

Casino Policies

The province's casino policies are contained in two documents:

- *Casino Licence Terms & Conditions and Operating Guidelines* - A set of policies for charities holding casino events indicating the requirements under a casino event licence.

- *Casino Terms & Conditions and Operating Guidelines* - A detailed set of policies mainly for casino facility operators. It covers among other subjects casino operational requirements, facility standards and requirements, security standards, permitted games, rules of play, etc.

Lotteries Review Committee

A number of current casino policies were adopted in response to recommendations of the Lotteries Review Committee in 1995. The committee specifically recommended the following, many of which were to be adopted:

- That the number of charitable casino event licences in Edmonton and Calgary be increased to 12 from eight due to demand.
- That operating hours for casinos should be extended to allow for 13 consecutive hours, within the hours of 11 a.m. to 2 a.m.
- That casino VLT revenues should go to non-profit organizations (note: slot machines were not yet introduced to casinos; VLTs were located in separate lounges of casinos).
- That casino revenues should be pooled over a three-month period so that non-profit groups can share in the revenues.
- That 15% of net VLT revenues in casinos should be shared by non-profit groups and the casino operator as follows: 2/3 to the former, 1/3 to the latter as a management fee. The remaining revenue would continue to go to the province to be reallocated according to the funding formula as suggested.
- That smaller groups share one licence to avoid issuing casino licences to organizations that intentionally split for the purpose of obtaining more than one licence during the year.
- That large-scale, Vegas-style casinos should not be allowed anywhere in Alberta and casinos must be government regulated and retain their non-profit status.

Casino Policies Revised

In response to the Lotteries Review Committee, the number of casino event licences were increased to 12 from eight per week in Edmonton and Calgary starting July 1, 1996. The intent was to reduce the length of the wait list to hold a casino event. Operating hours were extended to a maximum of 13 consecutive hours within the hours of 11 a.m. to 2 a.m. (and currently is a maximum of 14 hours).

Slot machines were introduced into casino facilities in early 1996 and a portion of the net revenues generated by them were allocated to licensed charities. The pooling of table revenue by facility was established in July 1996.

Groups applying for licences were reviewed as to their relationship with other groups that may be related or which belong to the same umbrella group and casino events were allocated accordingly. This was aimed in part at preventing the issuing of casino events licences to groups that divide for the purpose of obtaining additional casino event licences.

Casinos continue to be strictly regulated and controlled by the province.

Native Gaming Committee

In April 1996, the Native Gaming Committee, comprised of government MLAs and chaired by Judy Gordon - MLA Lacombe Stettler, issued its findings and recommendations, including those relating to First Nations gaming. Among them was a recommendation to allow for up to four First Nations casinos on or contiguous to reserves. The government endorsed the committee's report and recommendations in June 1996.

From 1996 to 2001, a number of First Nations expressed interest in establishing an on-reserve casino. First Nations and the Commission have held discussions on gaming, including sessions to clarify the requirements for casinos under the province's charitable model.

In January 2001, the government formally announced a First Nations gaming policy. The policy takes into account the changes that have occurred in gaming in the province over the past five years.

Key Casino Policies

Following is a summary of the current key casino policies regarding the casino event licence and the casino facility licence. The casino event licensee (charity) provides volunteers who are responsible for cash and financial controls. The casino facility licensee (operator) provides gaming expertise and facilities and is responsible for the game chips. During the operation of a casino, players exchange cash for chips and vice versa. At the completion of a two-day event, the charity's cash is reconciled to the operator's chips and any discrepancies noted. This balancing and separation of responsibility provides financial integrity and control.

Casino Event Licensee Requirements

A casino event may only occur in the province when a casino event licence has been issued by the Commission to an eligible charitable or religious organization. Generally, casino events last two days and are held in a permanent licensed casino facility. In some cases, a casino event licence may also be issued to eligible charitable organizations that intend to operate a relatively small number of table or "wheel" games in an unlicensed facility, such as a small agricultural fair or rural community hall.

A casino event licensee enters into a contractual agreement with the operator of a casino facility in which it wishes to conduct its casino event. A charitable organization may select the casino facility in which to hold its events. In this regard, the charity is limited based on the designated region within which they may hold casino events. For example, only charities based in Edmonton, a designated region for purposes of casino gaming, may hold a casino event at a casino facility in the city, subject to availability.

There are various requirements for volunteers of the licensed charity. The licensed charity must appoint volunteers to fill the following positions during its casino event:

- *General Manager and Alternate General Manager* - Responsible for all aspects of the casino, including designated staff are in place, witnesses interim and final pull of drop boxes, all key financial transactions and security.
- *Banker* - Supervises the cash cage and is directly accountable to the General Manager; is responsible for Cashiers and Chip Runners.
- *Cashier* - Receives and counts opening cash fill and required forms from the Banker; documents transactions with the banker and maintains security of chips and cash; ensures all player cash-outs over $200 are witnessed by any of the General Manager, Banker, Financial Controls Supervisor or Advisor; at the end of a shift accounts for all chips and cash for which they were responsible.
- *Chip Runner* - Participates in games opening or transfers opening chip fills from Banker to games as requested; at final close of games each day witnesses chip count, completes Closing Game Inventory of Chips.
- *Count Room Supervisor* - Directly accountable to the General Manager for supervision of count room procedures including count room staff.
- *Counter* - Empties drop boxes, shows everyone present that they are empty; assists sorting of cash or chips as needed; counts sorted cash or chips.
- *Sorter* - Sorts cash or chips into denominations; gives all other drop box contents to Count Room Supervisor; witnesses count by Counter.
- *Amalgamator* - Receives cash or chips from sorter; amalgamates all cash or chips in count room by denomination and bundles cash; assists count room supervisor to summarize cash and chips at the end of each drop.

The charities pay facility operators a fixed fee for space and services, to a maximum of 50% of net proceeds earned in Edmonton and Calgary casinos, 35% in St. Albert and 25% in other locations.

Licensed charities must pool net casino proceeds (and/or losses) with all charities licensed in the same casino facility within the same pooling period.

Net casino proceeds from all facilities operated by the same casino facility licensee in a city are pooled within the same pooling period. The pooling period is the same as the quarterly draw period. Quarters are January-March, April-June, July-September, and October-December.

Pooling guarantees charities a return from holding a casino event. It is a fair system of dividing net revenue regardless of the days on which a charity's casino event may be held. As well, any losses incurred are included in the pool with the end result that all charities earn money from holding a casino event.

The facility licensee, with the Commission's approval, is required to select a trustee and establishes a casino pooling trust agreement to be used for the casino facility. All licensed charities are required to sign an agreement with the trustee and submit a copy of the master agreement to the Commission for approval before the pooling period begins.

Slot machine proceeds are pooled by city during the same quarterly periods and divided as follows: charity commission - 15%, casino facility operator commission - 15%, and Alberta Lottery Fund -70%.

Licensed charities are required to provide a series of reports to the Commission within seven days after the casino event is completed. Any discrepancies must be reported.

For a detailed discussion about eligibility requirements and the allowable uses of proceeds from charitable gaming, refer to the appendix "Gaming Revenues, Disbursements and Use of Proceeds."

Casino Facility Operator Requirements

During a casino event the casino facility licensee must provide to the licensed charity the following:

- use of the casino facility, all the required casino gaming equipment, operating floats, chip inventory, registered gaming workers, playing cards, surveillance equipment, armoured car service, insurance and marketing and promotions.

Each casino facility licensee must provide the charity licensed to hold a casino event in the facility with a Casino Facility and Service Agreement. That agreement must establish fixed fees or charges for the operation of the casino. The operator is entitled either to the fixed fees or a percentage of the gross casino proceeds, whichever is less. The revenue sharing formulas of net gaming proceeds are as follows:

- 50% of net proceeds for Edmonton and Calgary casinos, up to the fixed fee for the facility;
- 65% of net proceeds for the St. Albert casino, up to the fixed fee for the facility; and
- 75% of net proceeds for other casinos, up to the fixed fee for the facility.

The facility operator and event licensee are jointly responsible for any losses incurred in proportion to the revenue sharing formula.

Casinos are allowed to operate table games a maximum of 14 consecutive hours, within the hours of 10:00 a.m. to 2:00 a.m. Slot machines may be operated for up to 17 consecutive hours within the hours of 10:00 a.m. to 3:00 a.m. Casinos held at agricultural fairs and exhibitions may operate a maximum of 16 consecutive hours. Casinos are allowed to operate seven days a week and must be closed on Christmas Day.

Poker rooms may operate beyond regular casino hours. The intent is to discourage illegal clubs from operating in the same city as the casino. Poker rooms must have a separate entrance to the room from the outside so patrons do not have to enter through the main casino gaming floor.

Those under 18 years of age are not permitted to be in a casino facility or to work as casino volunteers.

Facility Requirements

Prior to receiving a casino facility licence, the proposed facility is required to meet various community standards. For example, it must not have a negative impact on other existing gaming facilities (that is, put the charities using the facilities in a high risk financial situation). The facility may not be located within the same building envelope as an existing casino facility.

The applicant for a casino facility licence is required to undergo extensive background checks, including criminal record checks. The applicant must bear the costs associated with the background checks.

The applicant must ensure the proposed facility is always in compliance with all municipal, provincial and federal legislation and obtains all the necessary permits, licences and authorizations.

The *Casino Terms & Conditions and Operating Guidelines* specify the areas, rooms or equipment that are required in a casino facility. They include, among others: a gaming floor, main cash cage, slot machine cash cage, count room, security desk, monitor room and security equipment.

The sizes of the areas or rooms is based on whether the facility offers 16 or more table games or fewer than that amount. For example, the gaming floor size with 16 or more tables must be a minimum of 20,000 square feet (1,858 square metres), with less than 16 tables 7,500 square feet (697 square metres).

If liquor is served all the necessary liquor licence requirements must be met.

Signs and documents must be posted. Those include the casino facility licence, casino event licence, house rules poster, gaming irregularities poster, problem gambling poster, a "No Minors Allowed" sign, among others.

Each facility must have the specified security equipment including a closed-circuit television system. Various procedures are outlined if cheating at play or other illegal activity is observed or suspected.

Casino facility operators provide paid staff for most of the following gaming positions:

a) games manager
b) pit supervisor
c) pit boss
d) dealer
e) cash cage advisor
f) count room advisor
g) financial control supervisor
h) slot machine manager
i) slot machine operator, including slot machine attendant and cashier
j) security guard
k) monitor room personnel and
l) casino manager

All the positions above except f) and g) are employees of the casino. The cash cage advisor and count room advisor are independent advisors and hired by the charity conducting the casino event to assist in the event. The financial control supervisor position is an optional position offered by the casino facility licensee, one that would be filled by a casino employee to serve as a casino advisor to a licensed charity instead of an independent advisor. Most casinos do not have a financial control supervisor position.

Gaming workers hired by the facility operator must pass a criminal record check and be registered by the Commission. The registration of a gaming worker must be kept current.

Various policies are provided for the conduct and appearance of gaming workers and the duties of each position. Operating procedures are provided for the cash cage and count room.

The casino terms and conditions apply to the gaming floor layout, games mix, table set up, betting procedures, betting limits and games floor. The terms and conditions include the rules of play for each of the table games permitted in the casino.

The casino terms and conditions also specify the requirements on the casino gaming floor for slot machines, including the maximum number of slot machines that may be provided based on a space allotment per machine. Casino facility licensees may only operate slot machines under a casino gaming retailer agreement with the Commission. Refer to the section "Slot Machines."

D. Current Situation Assessment

Permanent Casino Facilities

There are 16 permanent charitable casino facilities throughout the province. Nine are located in Edmonton and Calgary and seven are regional casino operations (the Silver Dollar Casino in Calgary serves rural charities).

The locations and names of the province's permanent casino facilities, and their respective number of table games and slot machines as of March 31, 2001, are listed in the following table:

Table 9-1: Licensed Casino Facilities – Number of Table Games & Slot Machines at March 31, 2000

CITY	CASINO FACILITY	NUMBER OF TABLES	NUMBER OF SLOT MACHINES
Edmonton	Palace Casino	24	271
	Bacarrat Casino	25	284
	Casino Edmonton	20	428
	ABS Yellowhead Casino	25	600
Calgary	ABS Casino Calgary	29	400
	Stampede Casino	17	158
	Elbow River Inn Casino	20	200
	Silver Dollar Casino	17	256
	Cash Casino	25	344
Red Deer	Cash Casino	12	142
	Jackpot Casino	12	142
Fort McMurray	Boomtown Casino	7	50
Grande Prairie	Great Northern Casino	11	181
Medicine Hat	Vanshaw Casino	9	200
St. Albert	Gold Dust Casino	9	204
Lethbridge	ABS Casino	9	180
TOTAL	16	271	4040

Summer Fair Program

The Board of the Commission each year authorizes casinos as part of the summer fair program.

In 1999-2000 the Board authorized casino events at seven summer fairs as follows: Calgary Exhibition and Stampede, Edmonton Northlands, Lethbridge and District Exhibition, Medicine Hat Exhibition and Stampede, Westerner Exposition Association (Red Deer), Camrose Regional Exhibition and Agricultural Society and T'suu Tina First Nation PowWow Days.

The summer fairs offered table games and a number also offered slot machines at their casino events. Edmonton Northlands, Calgary Stampede and Camrose Regional exhibitions offer table games as well as slot machines. The major exhibitions in Red Deer, Medicine Hat and Lethbridge were licensed to hold their summer fair casinos at the existing permanent casino facilities in those centres. None of them have table games at their summer fair site. Only slots were operated during the T'suu Tina First Nation PowWow Days.

A few small agricultural fairs receive casino licences to operate table games.

Permanent Facilities: Casino Licences Issued by Community

In all cases, except for the Red Deer casinos, there is a balance between the number of casino event licences issued in a municipality at any one time and the number of permanent casino facility operations found there.

For example:

- In Calgary, 35 two-day casino event licences are issued biweekly. That equals 70 days of operation over 14 calendar days, providing five casinos with adequate licences to operate seven days per week.
- Seven two-day licences are issued biweekly in Grande Prairie, Ft. McMurray, Medicine Hat and Lethbridge, providing each casino with seven days of operation per week.

In Red Deer two casinos compete for charities' licences on weekdays so that one operator remains open while the other must remain closed or "dark." Additional weekend licences are issued so both operators can remain open on weekends. Over a 14 day cycle there are six days where both casinos are open: Friday-Saturday during the first week and Thursday-Friday-Saturday-Sunday during the following week.

The Commission controls the number of casino facilities in each municipality through the rate at which it issues licences. For example, the Commission issues 35 casino licences biweekly in Calgary. If the Commission were to issue 42 casino licences biweekly, an additional casino facility would be required.

Designated Casino Regions

A charity is required to hold casino events within a casino facility that falls within its designated region in the province. For example, only charities based in Edmonton and Calgary may access casino events in those cities or "regions." A licensee in a rural location may only conduct events in the nearest regional casino facility to that location. It must be a facility other than one located in Edmonton or Calgary (an exception is the Silver Dollar Casino in Calgary, which serves charities in rural communities around Calgary).

Wait Times to Hold Casino Events

The wait time for a charity to hold a casino event at a permanent casino after it has obtained a casino event licence from the Commission varies by community based on the level of demand for event licences. The wait time in most communities is considerably longer than one year as shown in the following table:

Table 9-2: Approximate Waiting Period to Hold Casino Events, by City

CITY	WAITING PERIOD
Edmonton	22 months
Calgary	18 months
Red Deer	20 months
Lethbridge	22 months
St. Albert	29 months
Medicine Hat	6 months
Fort McMurray	12 months
Grande Praire	16 months

The approximate wait time for rural charities around the City of Calgary, which conduct their casino events at the Silver Dollar Casino in Calgary, is 20 months.

Revenues Increase as Casino Gaming Environments Enhanced

The gaming environment within permanent casino facilities throughout the province has improved over the past few years, providing a higher-quality gaming-entertainment experience. As a result, the facility standards for casino gaming in general in the province have risen. The Commission continues to examine casino facility standards to ensure the integrity of gaming activities is maintained and to meet player expectations.

Among recent improvements, the Great Northern Casino in Grande Prairie moved to a new location and the Medicine Hat casino renovated its existing space in 1999-2000. The ABS Casino in Edmonton closed one of its locations and opened its new Yellowhead casino facility in August 2000.

The Palace Casino also expanded and renovated to provide an improved environment for its customers. Based on customer demand, Casino Edmonton expanded its facility to accommodate additional slot machines, as did the Cash Casino facilities in both Red Deer and Calgary.

In September 1999, ABS Casino Calgary was authorized to expand its gaming floor to accommodate additional slot machines.

The casino in Fort McMurray moved to a downtown location on May 17, 2000, and began operating under the new name Boomtown Casino.

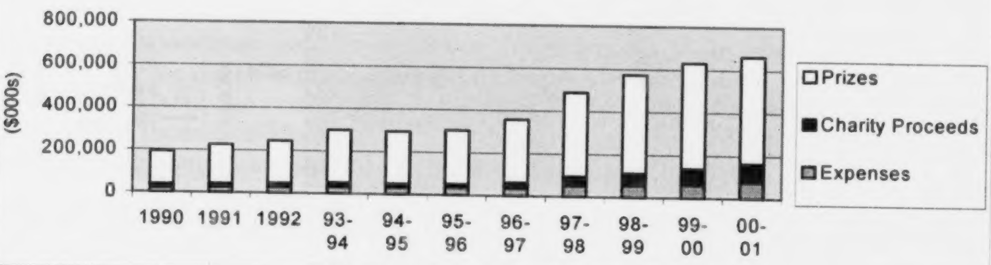
As casino facilities were improved and with the introduction of slot machines, the revenues from table games have increased. As more slot machines were allocated to casinos each year over the past five years, due to demand and performance, the revenue from slot machines has also steadily increased.

Casino operators and other interested parties continue to express interest in expansion, whether as renovations to their facilities, relocation or new casino facilities.

Revenue and Proceeds from Casino Events

In 2000-01, casinos generated $610 million in gross revenue from table games, an increase in gross revenue of 101% since 1995-96. As stated previously, that growth is attributed to the improvements made in casino facilities over the past few years.

Graph 9-1: Breakdown of Casino Revenue



As noted in the table that follows, the number of casino event licences increased by 178% over 10 years, to almost 2,700 licences in 2000-01 from the 954 issued in 1990. The proceeds to charities increased by 364% over the same period, to $86.8 million from $18.7 million. The total levels of charitable proceeds fluctuated from 1990 to 1995-96, but then increased in each consecutive year over the last four years shown in the table.

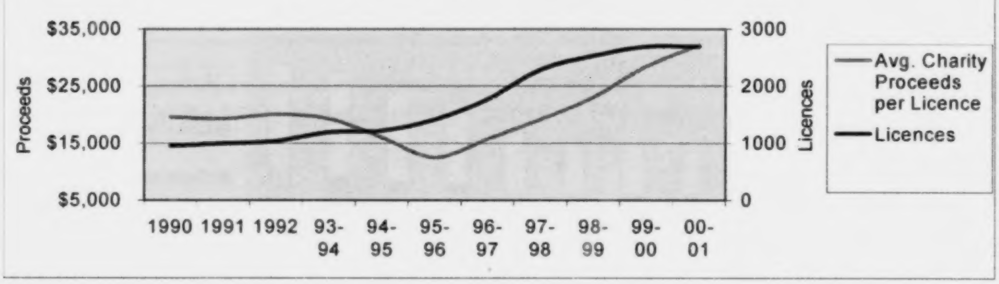
Chart 9-1: Casino Revenues and Licences - 1990 to 1999-2001

Year	*Gross Casino Revenue ($000)*	*Prizes ($000)*	*Expenses ($000)*	*Slot Proceeds*	*Charity Proceeds ($000)*	*Licences*	*Avg. Charity Proceeds per Licence*
00-01	610,365	499,011	77,012	52,413	86,755	2,695	$32,191
99-00	594,127	493,056	61,890	37,440	76,621	2,695	$28,431
98-99	549,654	460,496	54,981	24,258	58,435	2,534	$23,060
97-98	476,712	392,997	50,725	10,975	43,965	2,291	$19,190
96-97	354,598	293,753	35,672	2,680	27,853	1,769	$15,745
95-96	303,948	251,724	34,572	166	17,818	1,418	$12,566
94-95	294,070	243,751	30,715	-	19,604	1,222	$16,043
93-94[1]	297,634	245,158	29,497	-	22,979	1,192	$19,278
1992	243,287	196,705	25,668	-	20,914	1,041	$20,090
1991	224,312	181,428	23,629	-	19,256	997	$19,314
1990	192,257	153,114	20,442	-	18,700	954	$19,602

[1] The 1992-93 fiscal year was not included, due to the overlap between the 1992 calendar year and the 1993-94 fiscal year. In addition, the variations in the figures reported for 1993 as compared to 1993-94 were relatively small.

The average proceeds per licence fluctuated in the past 10 years. This is attributed to increasing expenses each year as gross revenues also increased. The highest average proceeds per licence over the past 10 years in the province was $32,191 earned in 2000-01 when 2,695 licences were issued. That compares to average proceeds of $19,602 per licence earned in 1990 when only 954 licences were issued, or about one-third of the number issued in 2000-01.

Graph 9-2: Casino Proceeds and Licences



Proceeds by Commission Category of Licences

The Commission's charitable gaming licence category that has benefited most from casino licences in 1999-2000 is sports, which accounted for 24.5% of all casino licences and 20.9% of proceeds, as indicated in the table that follows.

Chart 9-2: Charities Benefiting from Casinos by Commission Category: 1999-2000

Charitable Category	*Gross Casino Revenue ($000)*	*Licences*	*% Licences*	*Charity Proceeds ($000)*	*%Total Proceeds*	*Avg. Proceeds per Licence*
Agriculture	16,322	81	3.0%	1,190	1.6%	$14,691
Arts	60,240	258	9.6%	7,839	10.2%	$30,384
Community	55,709	190	7.1%	6,879	9.0%	$36,205
Education	81,847	328	12.2%	10,539	13.8%	$32,131
Foundation	9,064	35	1.3%	1,178	1.5%	$33,657
Medicine/Health	18,270	80	3.0%	2,387	3.1%	$29,838
Multiculturalism	58,147	190	7.1%	7,109	9.3%	$37,416
Other	5,657	18	0.7%	626	0.8%	$34,778
Recreation	14,329	73	2.7%	1,981	2.6%	$27,137
Religious	11,875	38	1.4%	1,471	1.9%	$38,711
Senior Citizens	11,431	54	2.0%	1,516	2.0%	$28,074
Service	57,764	357	13.2%	8,234	10.7%	$23,064
Social Action	64,722	281	10.4%	8,343	10.9%	$29,690
Sports	120,015	660	24.5%	16,017	20.9%	$24,268
Youth	8,735	52	1.9%	1,312	1.7%	$25,231
TOTAL	594,127	2,695	100.0%	76,621	100.0%	$28,431

The categories that followed in terms of licences obtained and proceeds generated as a percentage of the total were: education, social action, service and arts. Each of these categories generated an amount greater than 10% of total proceeds, while each of the other categories generated less than 10%.

The highest average proceeds per licence were generated in the following categories: religious, followed by multiculturalism, community groups, other (those that do not fit into any of the other 14 categories), foundation, education, arts and medicine/health. The average proceeds per licence in the rest of the categories were less than the provincial average per licence.

Pooling of Casino Proceeds

Due to extreme fluctuations in the daily casino hold, charities' proceeds are averaged through pooling.

Casino table proceeds are pooled by casino facility for 90 days. As table profits are pooled by casino facility the more successful casinos offer a higher pooled average. Charities in urban locations with more than one casino have the option of choosing the casino facility in which to conduct their licensed casino event. The table drop in the regional casinos outside Edmonton and Calgary is substantially less than the table drop in the two major centres.

Charities holding casinos receive a portion of the net revenue from slot machines generated during their casino events. When the slot machine portion of revenue from casino events is included in the total, charities earned a total of $76.6 million from casinos in 1999-2000.

The casino pool payouts per quarter vary from urban to rural locations, and among casinos in those locations. In 1999-2000 charities in Calgary earned from $21,000 to $60,000 in proceeds for holding a two-day casino event. The comparable figures for Edmonton ranged from $38,000 to $55,000 and those for regional casinos ranged from $2,800 to $19,800.

First Nations On-Reserve Casinos

In January 2001, the government announced a First Nations gaming policy that allows for on-reserve casinos. The policy formally responds to the interest of First Nations to provide on-reserve gaming.

The First Nations gaming policy must be taken into account when any consideration is given to the expansion of casino gaming or facilities in the province.

Under the policy on-reserve casinos will be required to follow the terms and conditions established for all other charitable casinos in the province. For example, the division of table game revenue would be determined on a casino by casino basis, consistent with the existing casino policy.

Specific conditions that apply to on-reserve casinos include the following:

- The net sales from slot machines will be divided as follows:
    - 15% to the licensed charity;
    - 15% commission to the casino facility operator;
    - 30% to Alberta Lottery Fund for traditional initiatives, and
    - 40% to Alberta Lottery Fund and specifically allocated to a First Nations Development Fund. The development fund will be available

to all Alberta First Nations to support economic, social and community development projects, including addictions programs, education, health and infrastructure.

That is, 30% of the net sales would be commissions divided equally between the charity and facility and 70% would go to the Alberta Lottery Fund, the same division of net slot revenue that currently exists among charitable casinos in the province.

- The host First Nation will be designated as the charity, through a registered not-for-profit society; and

- The host First Nation (as casino licensee and charity) and the casino operator must be clearly separate and distinct entities.

For the purposes of the First Nations Gaming Policy, a host First Nation is a First Nation with an operating casino licensed by the Province of Alberta and is located on an Indian reserve set apart prior to January 1, 2001, or on a reserve set apart after that date which is contiguous to an existing reserve and to which the Province of Alberta has consented.

E. Landscape of other Provinces

Where commercial casinos are permitted in other provinces, they are conducted and managed by the provincial government or its agent. Ontario operates its commercial casinos through a provincial crown corporation. In B.C. a portion of the proceeds from the commercial casinos are available to charities by applications through its Direct Access Program administered by the B.C. Gaming Commission. Smaller charitable casinos are being established in rural locations in Ontario.

A few provinces allow only Monte Carlo style casinos (typically blackjack tables and wheels of fortune) under licence to charities and do not have commercial casinos.

Participation in Casinos Growing in Canada

According to Statistics Canada, the largest generators of gaming revenues across the country are casinos. Since 1996, when Statistics Canada first examined the gambling industry, the growth in casino gaming has continued to outstrip that in most other industries. They exceeded revenues from VLTs in 1997 and ticket lotteries in 1998. Between 1992 and 1997, GDP in the gambling industry increased by 125% compared with just 14% in all other industries (Statistics Canada 2000, Update on Gambling).

The report also noted participation among players from 1996 to 1998 increased in casinos, as well as slot machines and VLTs, to 20% from 17% during those years. Meanwhile, participation across Canada decreased for all other gaming activities, including government ticket lotteries (to 77% from 86%); non-government lotteries, raffles and other games of chance (to 34% from 39%), and bingo (to 10% from 12%).

A number of other provinces have authorized casinos. As noted in the table that follows, each province has its own distinct model of casino gaming. In Alberta, charitable and religious organizations conduct and manage casino events. In a number of other provinces the provincial governments or their agents conduct and manage casinos rather than charitable or religious organizations.

Table 9-3: Landscape of Casino Gaming in Other Provinces – at March 31, 2000

JURISDICTION	NUMBER OF CASINOS / SLOTS	DIVISION OF REVENUE	COMMENTS
British Columbia Conducted & Managed by: British Columbia Lottery Corporation – a crown corporation. Regulated by: Gaming Policy Secretariat BC Gov't guarantees $125 million to charities each year (indexed annually at the rate of the Vancouver price index). June 1999 – end to gaming expansion announced.	18 Casinos 2 destination casinos 16 community casinos 2,399 Slots 523 destination 1,875 community 368 Table games 13 Poker tables 6 destination casinos approved in principle prior to gaming freeze in 1999; one is scheduled to open in Spring 2001.	Slots 25% slot win to operator 75% to BCLC Table Games 40% table win to operator 60% to BCLC Up to an additional 3% of table and slot win can go to the casino service provider for facility development based on an approved plan being in place. Win = money the casino service provider receives from wagers, minus the winnings paid out.	Minimum age: 19 Alcohol prohibited at community casinos. Maximum 300 slots; 30 table games; plus an additional 4 poker tables per casino. Host municipalities receive 10% of net revenues from community casinos and 1/6 of net revenue from destination casinos. 1999-2000 Net Win Slot: $230.5 million Table: $214.7 million
Alberta Conducted & Managed by: Licensed charitable organizations. Slots conducted and managed by Alberta Gaming and Liquor Commission. Regulated by: AGLC	16 Casinos 16 charitable casinos 0 commercial casinos 3,430 Slots 353 Table Games	Slots 15% operator 15% charity 70% AB Lottery Fund Table Games: EDM and CGY: Minimum 50% net proceeds to charity. St. Albert: minimum 35% Regional: minimum 25%	Minimum age: 18 Casino events only held under license to eligible charitable organizations. AGLC issues licences to private casino facility operators to provide space and services. 1999-2000 Revenue Slot*: $240.6 million Table*: $101.1 million *Slot net sales; table hold (wagers less prizes)

JURISDICTION	NUMBER OF CASINOS / SLOTS	DIVISION OF REVENUE	COMMENTS
Saskatchewan Conducted & Managed by: Saskatchewan Gaming Corporation – a crown corporation owns the slots at Casino Regina and operates the casino. Saskatchewan Indian Gaming Authority (SIGA) conducts and manages First Nations casino operations under contract with SLGA (who own slots). Regulated by: Saskatchewan Liquor and Gaming Authority.	7 Casinos 1 commercial casino 4 First Nations casinos 1 Full-time exhibition casino 1 Part-time exhibition casino (open 4 days/week year round). 1240 Slots 620 Casino Regina 620 First Nations 196 Table Games 41 Casino Regina 71 First Nations 84 exhibition	Commercial 50% SK Gen. Revenue 25% First Nations Fund 25% Associated Entities Fund First Nations 37.5% SK Gen. Revenue 37.5% First Nations Fund 25% Associated Entities Fund (if off-reserve) or Community Development Corporations (on reserve). Exhibition VLTs 15% siteholder 85% SK Government Table games 100% siteholder	Minimum age: 19 Current government policy - no expansion of electronic gaming. No slots at exhibition casinos - only VLTs. Siteholders for exhibition casinos are exhibition associations. 1999-2000 Revenue Figures not available until June 2001.
Manitoba Conducted & Managed by: Manitoba Lottery Corporation – a crown corporation. Regulated by: Manitoba Gaming Control Commission	2 Casinos 2 commercial 1,231 Slots 64 Table Games	100% MLC	Minimum age: 18 Crystal Casino was consolidated with Club Regent ad McPhillips Street Station casinos in July 1999. 1999-2000 Revenue $147.2 million
Ontario Conducted & Managed by: Ontario Lottery and Gaming Commission – a crown corporation. Regulated by: Alcohol and Gaming Commission of Ontario June 2000 – OLGC chair announces 3-year freeze on gaming expansion.	8 Casinos 3 commercial 5 charity 8,978 Slots 8,078 Commercial 900* Charity Table Games 356 Commercial 80* Charity	Commercial Casinos 100% OLGC* *Net profits from Casino Rama are shared by 134 ON First Nations groups. Charity Casinos Charities receive 100% of net proceeds. Host local gov't receives 5% gross slot revenue.	Minimum age: 18 1999-00 Gaming Revenue Commercial casinos: $2.0 billion Slot: $1.5 billion Table: $511 million Charity casinos: $65.3 million* *Only two of five charity casinos operated for entire Fiscal 2000. Betting Limits: Commercial: $10,000 Charity: $100

JURISDICTION	NUMBER OF CASINOS / SLOTS	DIVISION OF REVENUE	COMMENTS
Quebec Conducted & Managed by: Loto-Quebec – a crown corporation. Regulated by: RACJ (Re'gie de alcools de courses et de jeux)	3 Casinos 3 Commercial 5,185 Slots 3,000 Casino de Montreal; 1,410 Casino de Hull 775 Casino de Charlevoix. 194 Table Games 118 C de M 55 C de H 21 C de C	100% Loto-Quebec	Minimum age: 18 1999-2000 Revenue $683.5 million: $454.1 million C de M $194.0 million C de H $35.4 million C de C
Nova Scotia Conducted & Managed by: Nova Scotia Gaming Corporation – a crown corporation. Operated by: Metropolitan Entertainment Group. Regulated by: Nova Scotia Alcohol and Gaming Authority.	2 Casinos 2 commercial 1000 Slots 650 Halifax Casino 350 Sydney Casino 52 Table Games 39 Halifax Casino 13 Sydney Casino	100% NS Gaming Corp.	1999-2000 Revenue $81.3 million: $54.4 Halifax $26.9 Sydney
New Brunswick Conducted & Managed by: Licensed charitable organizations. Regulated by: Lotteries Commission of NB Licensed by: Trade Practices & Licensing Branch Department of Public Safety	No commercial casinos. No permanent casino facilities. No slots. Single and series charitable event licenses.	100% net proceeds to charity.	April 2000 – responsibility for licensing and enforcement transferred from Revenue Division of Finance Department the newly formed Department of Public Safety. Responsibility of policy remains with Lotteries Commission of NB.
Newfoundland & Lab Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch Department of Public Safety	No commercial casinos. No permanent casino facilities. No slots. Single and series charitable event licences.	100% net proceeds to charity.	

JURISDICTION	NUMBER OF CASINOS / SLOTS	DIVISION OF REVENUE	COMMENTS
Prince Edward Island Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Consumer Services Section Office o/t Attorney General	No commercial casinos. No permanent casino facilities. No slots. Single and series charitable event licences.	100% net proceeds to charity.	
Yukon Conducted & Managed by: Licensed charitable and religious organizations. Regulated & Licensed by: Licensing Branch Department of Justice	No commercial licences. No permanent casinos facilities.	100% net proceeds to charity.	Minimum age: 19. Maximum event length is three days.
Northwest Territories Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch Municipal and Community Affairs	No commercial licences. No permanent casinos facilities. No slots.	Expense limit: minimum 25% of gross proceeds.	Minimum age: 16 – can be set higher at licensee request. Maximum event length is three days.
Nunavut Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Consumer Affairs.	No commercial licences. No permanent casinos facilities. No slots.		

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, including both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on casino gaming.

The review process also included a review of gaming-related literature gathered from jurisdictions around the world. A few key sources are described here.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.
- *Landscape*- The perspectives related to casinos in other countries.

Public

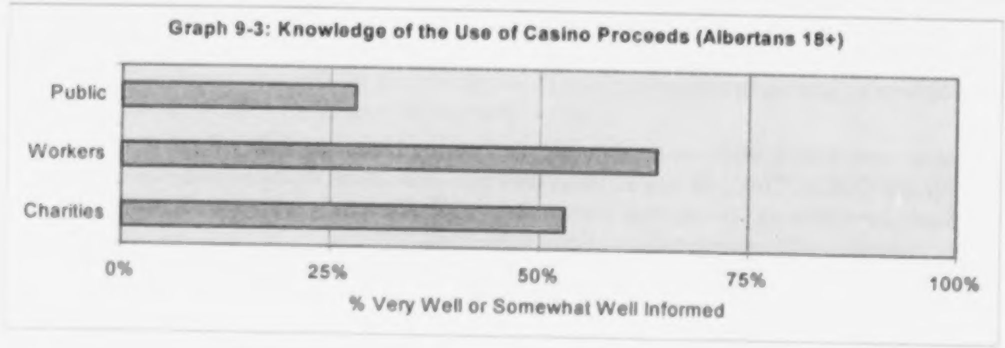
In May 2000, during the gaming licensing policy review, the views and perspectives of adult Albertans were sought through public opinion research.

The research shows Albertans tend to view casino table games and slot machine gaming as a harder form of gambling. More than half of Albertans also believe that it is up to each individual to control his or her own gambling.

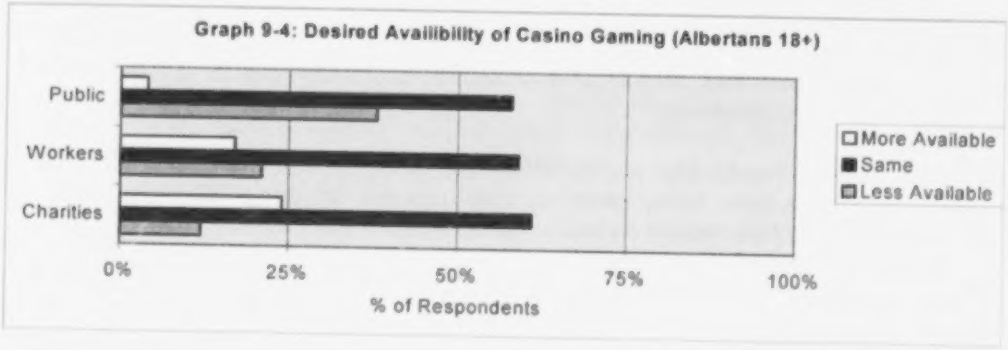
More than half of the public indicated they are not well informed about where casino proceeds go. Only about 28% said they were somewhat or well informed. About half of respondents believe proceeds go to government (even though all casino table game proceeds go to charitable groups).

The top four areas identified by respondents as deserving of gaming proceeds in general were charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). Other areas each received less than 15% support.

Well more than half of respondents felt casino proceeds go to a good cause. More than half of respondents indicated their main source of information about where proceeds go is the newspaper.


Graph 9-3: Knowledge of the Use of Casino Proceeds (Albertans 18+)

Most respondents would like the availability of casino table games to remain the same (67%). A smaller percentage would like to see the availability reduced (30%). There was little demand (4%) expressed from the public for an increased availability of casino table games.


Graph 9-4: Desired Availibility of Casino Gaming (Albertans 18+)

Respondents indicated clearly players should be able to play slots at resort casinos (93.9%), or local casino (92.4%). A majority also indicated they should be able to play them in a gaming room in a hotel (65.2%) and First Nation casino on reserve land (68.2%).

Among respondents, about 6% bet on table games in the last year, 13% played slot machines and the rest indicated they did not participate in casino gaming activities.

Among players, the average amount spent over the last month (when the public opinion research was undertaken) was $152.45 for slot machines and $222.53 for table games.

The preferred places to play slots, if the activity were to be available in all the following locations, would be the local casino (84.4%), resort casino (70.9%), gaming room in a hotel (57.8%) and bars and lounges (54.6%). In addition, 42.2% said they would play slots at a First Nations casino on reserve land and 32.1% would play them at race tracks.

Of players, close to half indicated they would play slots and a little more than one-third indicated they would probably play them when visiting a casino.

The ideal features in a gaming facility for respondents are security and a clean, modern environment. Other features that also rated highly were spacious surroundings, convenient parking, easily identifiable staff and non-smoking sections.

Stakeholders

Consultation with stakeholders occurred during the Gaming Licensing Policy Review. During September and October 2000, facilitated interviews and discussions occurred with stakeholder groups throughout Alberta. In addition, representative telephone surveys were conducted involving more than 600 representatives of charitable organizations. Also surveyed for their views were 300 industry workers involved with bingo and casino gaming.

Stakeholders generally hold the province's charitable gaming model in high regard. Casinos are one part of the model in which charities benefit directly from the revenue generated by activities they are licensed to conduct. Stakeholders have clearly expressed the need to maintain that model so charities may continue to benefit directly from revenues they generate from gaming activities. There is an increasing demand by charities to hold casino events.

Integrity of gaming is of common interest. Stakeholders feel the Commission has been professional and acts with integrity and the gaming industry is well regulated. None called into question the Commission's own integrity, even though the stakeholders may be opposed to some policy decisions of the Commission.

Stakeholders generally desire a level playing field where everyone knows the rules and there is fair opportunity to participate. Many wanted the same rules that currently exist for charitable casinos to also apply to First Nations on-reserve casino facilities that may be built in the future .

There is a wide range of knowledge among stakeholders about where the proceeds from gaming go and how they are used. Some are well informed and others less so. Many want to see more money spent informing people about how proceeds are used, a view that is consistent with that of most Albertans.

A number of stakeholders identified the issue of how the Commission determines which groups are eligible for a casino gaming event licence, especially since the demand for such licences is intense and the proceeds from a two-day event continue to increase. A few wondered whether the rules are fair, and if all charitable groups were considered.

Few suggestions were made to improve rules and regulations. Many stakeholders expressed an interest in providing more input in the development of gaming policies.

As to social responsibility, some stakeholders feel the Commission (and the media) overstates the problems associated with gambling and should allow the marketplace to determine growth. Other stakeholders feel the Commission understates the problem and should further restrict gaming activities.

Industry Stakeholders

Most charities believe access to gambling is well controlled and regulated and rules have been consistently enforced. A minority believe more types of gambling should be permitted in the province.

Charities felt a better job could be done to communicate the benefits of gaming. Communicating with the gaming industry could also be improved upon.

The views of gaming workers in casinos and bingo, for the most part, reflected similar views to those of charitable groups as discussed above.

A representative of a gaming industry association wanted the First Nations gaming policy, specifically the disbursement of proceeds from First Nations on-reserve casinos, to be on a level playing field with existing casinos and the process of disbursements of funds be transparent and accountable. The association felt accessibility to games such as keno would be better in age-controlled facilities like casinos or liquor lounges. The group supported an open, competitive request for proposals process for establishing new casinos.

Casino operators wanted the same rules to apply to everyone, including First Nations casinos. A major concern expressed by the operators is a need for a game plan for the industry to move forward.

Based on the current number of casino facilities in the province, the casino industry operators believe the casino market in Alberta has reached 80% of its potential. They also believe there is more opportunity for growth in Calgary than in Edmonton.

Other gaming retailers or licensees felt casinos were receiving undue attention. VLT retailers, for example, wanted to be treated in the same way as casinos, that is, to be allowed to grow or expand.

Bingo stakeholders felt there was unfair competition from casinos, from video lottery terminals (VLTs) and slot machines approved by the Commission. They desired a plan for gaming development rather than what they perceive as an ad hoc approach with bingo. They feel they compete for the same player, citing nickel slot machine players as bingo players. To compete they feel there is a need to introduce electronic bingo, keno and slot machines in bingo halls.

At the same time, both bingo and horse racing representatives want to see a better differentiation of gaming products being offered, to distinguish among them. For example, it was felt racing entertainment centres should have exclusivity to the electronic horse race games, which also are found in casinos.

Representatives of the horse racing industry felt that the Commission favours casinos, some VLT operators and charities at the expense of those experiencing declining attendance, such as bingo and horse racing.

Another stakeholder felt casinos were no longer being driven by charities as once they were, but by a few companies motivated by profit.

A representative of a major exhibition felt one casino operator was too dominant. There was a desire for more technical support for repairing slot machines in racing entertainment centres. Another representative felt it important to accurately define what groups constitute a charity. It was felt some groups which provide little or no service to community are obtaining the same dollars from charitable gaming as those doing great work. Major exhibitions and agricultural societies feel left out of the picture, even though they were the early partners in casino gaming in the province. One representative suggested exclusive licences for casino gaming during its major exhibition be reinstated.

Rural fairs and exhibitions desired greater access to urban casino events. They see their activities diminishing while those in the cities are growing. For some charities, it is not practical for them to work at a regional casino due to the travel distance required to get there.

Municipalities and Police Services

A representative of a municipal association expressed concern about the potential impact on roads and infrastructure related to First Nations casinos. The representative also felt more support should be provided to rural groups through equal access to the level of funds from busier urban casinos.

One municipal representative believes gaming should be available through dedicated gaming venues such as casinos and First Nations casinos should be treated in the same way as existing ones.

Another urban municipal representative was concerned about social or infrastructure costs related to having a casino in their own community, and that city council could well be opposed to any more casinos in the city. The official felt municipalities could be better compensated for costs associated with casino gaming.

An urban municipal official felt casino gaming attached to hotels or convention facilities would benefit tourism in the area. Of greatest importance is the need to keep the industry “fair and clean.”

The official of another municipality felt gaming was not a sustainable activity adding real long-term value to the province. Gambling must be controlled. It was felt an issue would be to have a First Nation act both as operator of an on-reserve casino and the charity receiving benefits from it.

Police services felt the Commission has done a good job in regulating gaming in the province. Nevertheless, they did have some issues. One police service representative wondered whether on-reserve casinos would increase social problems on the reserve and this could be of concern. A balancing of social responsibility and growth of gaming is required. A full cost benefit analysis would be appropriate. The representative was not aware the Alberta Gaming and Research Institute was formed to provide research into social and economic benefits and costs.

Another representative wondered whether police services should be directly involved with policing in casinos. Preventing crime and addressing criminal activities through joint forces with the Commission was suggested as a possibility. This was a common suggestion of most police services and was also suggested by an official with the provincial Justice department.

One police service official felt VLT gaming has created problems which would be worsened with First Nations casinos.

Service Agencies and Advocacy Foundation

A public policy advocacy foundation expressed support for the charitable model of gaming, which reinforces the integrity of the entire industry. A representative indicated charities would be concerned with any change from the current charitable gaming model. The representative felt keeping charities involved helps keep the industry as transparent as possible.

The foundation believes an organization such as the Commission is bound to be biased in its decisions when it generates revenue from gaming. Even so, the foundation believes the Commission is doing a good job balancing the public and special interests. It also believes the Commission is doing better than other jurisdictions in the area of consultation. On a more general note, the foundation felt the Commission should produce more information on the state of gaming in the province. It was felt a detailed information report, for example, would help in discussions related to First Nations casinos and how government wants to equitably and responsibly develop those casinos.

A problem gambling treatment agency saw as an issue the role of the Commission as "promoter, regulator and profiteer from gaming." A representative of the agency felt Alberta could do more to fund problem gambling education, prevention and treatment programs. The agency hopes some funds will be dedicated to address First Nations problem gambling. Such funding should be tied in with current programs rather than be operated parallel to them. It was expected new games will continue to be demanded to satisfy consumer demands, particularly those of baby boomers who like change and younger players that like fast-paced electronic gaming.

A problem gambling foundation feels casinos are slightly better than VLTs, since they are less accessible.

Landscape

The regulatory environments for gaming between Canada and other jurisdictions differ. In any case, it is worth examining or considering the events and activities occurring internationally to compare gaming activities, issues and developments.

U.S. Experience

Much of the information provided in this landscape information is drawn from a report of the U.S. National Gambling Impact Study Commission. The commission was appointed by the federal government of the United States to examine the impact of gambling across the U.S. Research and study was conducted over two years and the commission issued its report with findings and recommendations in June 1999.

The U.S. federal government has largely deferred the regulatory functions of casino gaming to the state. The federal government has instead focused its attention largely on criminal matters, especially when these activities cross state lines. Examples of U.S. federal legislation related to gaming include:

- *Gaming Devices Act* (1951), which prohibits the transportation of gambling devices across state lines. It was amended to exempt cruise ships but not airlines either originating from or bound to the U.S.;

- *Travel Act* (1952), which prohibits the use of mail either inter-state or internationally for any business enterprise involving gambling;

- *Wire Communications Act* (1961), which prohibits the use of wire communications (telephones, telegrams, etc.) to transmit bets or wagers, or information that assists in placing bets and wagers;

- *Racketeering Influenced and Corrupt Organizations* (RICO, 1971), aimed at combating "the infiltration of organized crime and racketeering into legitimate organizations operating interstate commerce" including gambling; and

- *Bank Secrecy Act* (1985), was amended to include casinos among other cash-intensive businesses in order to prevent money laundering. It was renamed the *Money Laundering Act* in 1986 and strengthened the federal government's powers in this area. Finally, in 1990 the Treasury department created the Financial Crimes Enforcement Network (FinCEN) to "establish, oversee and implement policies to prevent and detect money laundering."

The United States allows for First Nations gaming through special federal statute. The *Indian Gaming Regulation Act* (IGRA 1988), provides a statutory basis for the regulation of Indian gambling, specifying certain mechanisms and procedures, including the requirement gambling revenues be used for the economic development and welfare of the tribe. This was an outgrowth of the federal government's responsibility for, and legislative authority over, Native American reservations. States must approve First Nation gaming activities and enter into a compact with each tribe, subject to these federal requirements.

State governments are responsible for approving and regulating gambling within the state. In most cases, the public has voted either by statewide referendum or local option election, before casino gambling is permitted. However, in some cases elected official have made these decisions without a public vote. Whatever the case, the state government decides the level and degree of casino gambling that will be permitted and is responsible for developing the administrative structures necessary to regulate and tax casino gambling within their borders.

The U.S. report cites two types of casino models. One is the "Nevada model," in which gambling is generally viewed as a business with economic opportunity. The other is the "New Jersey model," in which the potential harm or negative aspects of casino gambling, and its difference from other businesses, is emphasized. Despite this emphasis, the New Jersey Model recognizes casino gambling may nevertheless generate notable economic activity.

The report notes: "For many people, casinos symbolize the gambling industry. Hence, casino locations are often viewed as indicative of a community's embrace of the gambling industry."

It indicates:

> In addition to Las Vegas resort casinos, there are now nearly 100 riverboat and dockside casinos in six states and approximately 260 casinos on Indian reservations. The expansion of gambling to these new sites has been called "the most significant development" in the industry in the 1990s (citing Harold Vogel, 4 *Entertainment Industry Economics* (1998)).

Later on, the report notes:

> Casinos are an important source of entertainment, jobs and income. The largest casino markets are: Nevada with 28 full-scale casinos, 1,978 slots only locations, one Indian casino, and gross casino revenues for 1997 of $7.87 billion; New Jersey, with 14 casinos and gross casino revenues for 1997 of $3.9 billion; and Mississippi, with 29 state-regulated casinos, one Indian casino, and gross casino revenues for 1997 of $1.98 billion.

The National Gambling Impact Study Commission report cites the study conducted by Arthur Andersen Consulting (1997) into the gaming industry on behalf of the American Gaming Association, which considered "cannibalization" or the "substitution theory." Here is what was reported:

> First, the size of the U.S. economy is not fixed; rather it expands over time as new jobs are created. Second, at the macroeconomic level, the industries which some maintain have been affected by consumer spending on gaming have grown concurrently with the gaming industry. Third, economists have known for centuries that for an economy to grow, it must produce the goods and services which consumers prefer. Fourth, casino gaming relies more heavily than most industries on domestic labor and domestic suppliers (including capital). In addition, spending by foreigners in U.S. casinos also represents an export activity for the domestic economy.

Regarding crime, the commission report noted all the evidence presented "…indicates that the effective state regulation, coupled with the takeover of much of the industry by public corporations, has eliminated organized crime from the direct ownership and operation of casinos."

The report notes: "Taken as a whole, the literature shows communities with casinos are just as safe as communities that do not have casinos."

A former Illinois state gaming board administrator was asked to develop a model regulation for casino gaming. In that process, Michael Belletire noted: "Perhaps the most significant factor in shaping the dynamics of the regulatory process is the scope of legislatively authorized casino gambling." However, according to Belletire, restricting the market and putting it in the hands of regulators may subject the process to undue influence in awarding licences.

To counter that possibility, he recommended the following:

- Independence in licensure decision making;
- Placing the burden to prove suitability for licensure upon the applicant;
- An explicit requirement for competitive proposals for limited availability licenses;
- Carefully articulated policy standards for deciding among competing applications;
- Comprehensive disclosure of financial and political relationships; and
- Explicit powers to review, investigate and approve contractual relationships entered into by applicants and licensed operators;

- Requirements that ensure confidentiality in the treatment of sensitive personal and financial information balanced by appropriate public meeting requirements; and
- In-depth and independent investigate practices and personnel.

He noted: "One of the most powerful tools in overseeing the conduct of gambling operations is the video camera surveillance system. Typically, surveillance requirements are imposed by rules and regulations rather than by statute."

One of the Commission's recommendations is that U.S. states "should refuse to allow the introduction of casino-style gambling into pari-mutuel facilities for the primary purpose of saving the facilities which the market has determined no longer services the community or for purpose of competing with other forms of gambling."

There is no definitive answer regarding the economic impact of casinos. Numerous commissioned gambling impact studies have been undertaken throughout North America over the last five years, resulting in a wide range of conclusions.

The Arthur Anderson report that was referred to earlier is an example of one study that promoted the positive economic benefits of casino gambling. At the other end of the spectrum is the Robert Goodman report, *The Luck Business* (1995), in which the author suggests the economic benefit of casino gambling to communities have been grossly overstated:

> In spite of the lack of evidence to support their positions, local politicians and business leaders continue to tout the use of casinos as incubators of jobs and as generators of consumer dollars for local stores and other businesses. The extravagant claims are contradicted by the gambling industry's own executives and research consultants'.

In summary, balanced and unbiased research into the economic costs and benefits of casino gambling is still required. Currently, there is a lack of empirical evidence to either support or refute these claims regarding the economic impact that casinos have on communities. It appears this situation may likely continue until the academic debate is resolved over how the costs and benefits should be defined, what costs should be included and how they should be measured.

G. Primary Issues and Recommendations

Assessing Proposed Casino Policy Recommendations

The process of arriving at recommended casino licensing policies was comprehensive, involving a number of steps.

The first step was to arrive at an initial assessment of current casino licensing policies within the gaming licensing policy framework. Are casino licensing policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about casino licensing policies and gaming in Alberta generally. Information was also gathered about casino activities occurring in other jurisdictions, to provide some comparisons among the respective jurisdictions

That step was followed by an intensive review of stakeholder perspectives and the findings from other jurisdictions and assessing options to address casino gaming in Alberta over at least the next five years.

As policy options or strategies took shape, the following question was asked: How well does a proposed policy strategy measure up to the key elements of the province's licensing policy framework?

For example, the questions asked included:

- Does a proposed casino licensing policy strategy meet the requirements of the *Criminal Code*, the *Gaming and Liquor Act* and *Gaming and Liquor Regulation*?
- Is it consistent with the guiding principles for gaming?
- Is a proposed strategy consistent with government's policies that specifically address casino gaming?
- Does it fit within the objectives and goals of the Ministry's three-year business plan?

Only policy strategies that met the key elements of the policy framework would be considered further.

Following from that step, various recommendations were formed regarding casino gaming in the province.

Primary Issues

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a number of primary issues regarding casino licensing policies. A number of recommendations for licensed gaming facilities, including licensed casino facilities, appear in the section "Gaming in General."

The primary issues and their respective recommendations appear under the following topic areas.

A. ELIGIBILITY, USE OF PROCEEDS

POLICY POSITION:

1. **Provide a fair and equitable opportunity to eligible charities to obtain a casino event licence.**

The return to charities from each two-day casino event held in a licensed casino facility has increased dramatically since 1997 and in cases may exceed the financial need of the charity. In the last quarter of 2000-01, the average proceeds earned per charity for a two-day event in Edmonton casinos, including commissions from slot machines, ranged from $38,000 to $55,000 and in the Calgary casinos from $21,000 to $60,000. Charities in other or regional casinos earn proceeds that range from $2,800 to $19,800.

In addition, the demand by charities for casino event licences continues to grow. As a result of the demand, charities must wait for at least 12 months to hold a casino event in a permanent casino facility after being approved for a casino event licence. The wait time for casinos in the larger centres is longer, with the longest waiting period being approximately 29 months.

CASINO RECOMMENDATION - 1

- **Give eligible charities the option of receiving a one or two day casino event licence.**
  Comment - Currently almost all casino event licences held at a licensed casino facility are issued for two days. This recommendation gives charities, in particular smaller charitable groups, an option to hold a one-day casino event at a casino rather than a two-day event. This would result in half the revenue that otherwise would be earned, but may be more in line with the revenue needs or expectations of the charity. It would also help to reduce the wait list for charities to hold their casino events by freeing up casino events for more charities.

B. ENFORCEMENT, SECURITY, FINANCIAL CONTROLS

The integrity of gaming activities is critical to the public and stakeholders. Ensuring the integrity of gaming activities is a guiding principle of the Commission. That guiding principle is supported through policies and procedures regarding enforcement and security.

Proper financial controls help to protect the revenue generated from casino events and ensure accountability.

POLICY POSITION:

1. **The internal controls of every casino operation must meet stringent operational standards to ensure the integrity of gaming activities is maintained and the revenue generated from them is protected.**

Internal controls refers to the systems, processes and procedures related to the proper, secure and smooth operation and delivery of a casino event. Such controls take into account the security and financial controls of a licensed casino facility. The *Casino*

Terms & Conditions and Operating Guidelines specify the standards for internal controls that casino facility licensees are required to meet.

CASINO RECOMMENDATION - 2

- **Enhance the internal operating standards and controls for casinos will to ensure the continued smooth operation of casino facilities in the province.**

  Comment - This recommendation is aimed at ensuring the terms and conditions for casinos, specifically internal operating standards and controls, are in step with the changes and growth that have occurred in casino gaming in the province over the past five years.

  For example, electronic technology is a valuable tool in providing financial controls and monitoring the revenues that are generated from casino gaming. It minimizes the manual reporting requirements and the potential for manual entry errors and fraud. The technology used in casinos should be acceptable to meet current operating standards.

  As another example, the reporting lines and procedures for monitor rooms and casino security managers should be part of the review to enhance internal operating standards and controls. The independence of security staff is important to the secure operation of a casino and to ensure the Commission's terms and conditions are followed without conflict. Such conflict is conceivable when a security staff reports to a hired casino facility supervisor, whose direction may be inconsistent with that of the Commission. In other provinces, the government has a direct presence through dedicated, full-time personnel in casino facilities. The increased presence of Commission staff in casino operations is a consideration in the enhanced operating standards.

CASINO RECOMMENDATION - 3

- **Require that the casino advisors hired by charities to help conduct casino events be independent and not hired from or be affiliated with casino facility operators.**

  Comment - Charities hire casino advisors to assist them to conduct and manage their casino events in a licensed casino facility. Occasionally, a casino facility licensee may offer the services of casino staff to act as an advisor to the charity. The casino advisor is required to know the proper operations of a charitable casino and the requirements of charity volunteers in holding a casino event. The advisor helps guide the charity throughout the casino event. It is important the casino advisor function continue to be kept separate and at arm's length from the facility licensee's operations, particularly as the key financial requirements of a casino event is the responsibility of the charity.

POLICY POSITION:

2. Reduce the possibility or exposure to the threat of crime related to casino gaming.

Some criminal activities such as theft, fraud and cheating at play have been detected in casinos, although are not believed to be widespread. In some instances, casino staff have been recruited by players to commit offences. Police services have expressed their concerns about the possibility of money laundering and loan sharking in casinos. Any criminal activity or its threat must be curtailed and the exposure to the threat of crime reduced.

CASINO RECOMMENDATION - 4

- **Establish a closer working relationship with police services in addressing gaming-related crime and provide resources to address this issue.**
  Comment - Police services have indicated they presently lack the resources to focus on gambling-related crime. Yet the police are important to the full and effective enforcement of gambling laws and regulations. Therefore, resources should be provided to enable police to become more involved. In this regard, consideration should be given to establishing joint forces operations (JFOs) involving both the Commission and police. Police services and an official in the provincial Department of Justice suggest that JFOs are an effective means to address crime. Among other activities, a program of crime prevention and detection could be developed and provided to key staff in casinos.

CASINO RECOMMENDATION - 5

- **Review the authority, mandate and jurisdiction of the Commission to enforce gaming legislation in unlicensed premises.**
  Comment - Commission investigators and inspectors are limited in their ability to enforce gaming laws. They are restricted to enforcing gaming laws in premises licensed by the Commission and do not have jurisdiction to investigate other activities, such as loan sharking, money laundering or illegal gaming houses. Such limitations occur by authority, mandate and agreement with the police services and Alberta Solicitor General.

C. REVENUE DIVISION

Revenue division refers to how revenue is divided between the licensed charities that hold events in a casino facility and the operator of the facility to cover expenses. Charitable gaming policies are aimed at ensuring that the financial return to charities from the gaming activities they conduct and manage are maximized.

POLICY POSITION:

1. Ensure the financial benefit to charities from casino gaming is maximized.

Current licensing policies require charities be the main beneficiaries of casino table games, which they are licensed to conduct and manage. Charities are not required to provide any volunteers related to slot machine gaming since it involves electronic gaming devices and therefore must be conducted and managed by the Commission on behalf of the government. As such, the primary beneficiary of electronic gaming devices is the Alberta Lottery Fund and licensed charitable groups holding a licensed casino event obtain a commission from the gaming devices.

CASINO RECOMMENDATION - 6

- **Require that charitable proceeds from casino table games be pooled by city and divided accordingly.**
  Comment - The proceeds from slot machines are already being pooled by city and divided equally among the charitable groups that held casino events over fiscal quarterly period. Currently, casino table games are pooled by casino facility over a 90-day period. Some casino facilities generate considerably higher proceeds from table games than do others. As a result, some charitable groups will obtain higher total proceeds from casino events than others, creating an artificial advantage for such groups. The recommendation will create a fairer distribution of revenue to charitable groups that hold casino events in a city with two or more casinos. It also will eliminate the competition among charities to hold their events at the more profitable casinos in a city.

  This recommendation will not affect the casino facility operator's recovery of costs. A cost recovery structure will continue to apply and to allow casino facility operators to be competitive.

PULL TICKETS

PULL TICKETS

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B. Background
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A. Introduction

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols. Players pull or break open the perforated covers to reveal the game outcome. Pull tickets are sometimes referred to as break-open or Nevada tickets. The seal card, a variation of the regular pull ticket game where players do not win instantly, is also available in Alberta (see under "Current Situation Assessment" of this section for details).

Pull ticket sales are an activity falling within the province's charitable gaming model. They may only be conducted and managed by charitable or religious organizations licensed by the Alberta Gaming and Liquor Commission.

This section discusses the background to pull tickets in the province. It provides key information related to current pull ticket policies and an assessment of the current situation regarding pull ticket sales in the province. The section provides an overview of pull ticket programs in other provinces.

Also provided are highlights of some key views and perspectives of adult Albertans regarding pull tickets, as obtained through public opinion research. The perspectives of stakeholders, obtained through consultations with them during the Gaming Licensing Policy Review, are also provided.

This section concludes with recommendations to address primary issues identified during the Gaming Licensing Policy Review.

B. Background

Pull Tickets in Alberta

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols. Players pull or break open the perforated covers to reveal the game outcome. Pull tickets are sometimes referred to as break-open or Nevada tickets.

The seal card, a variation of the regular pull ticket game in which the player does not win instantly, is also available in Alberta (see under "Current Situation Assessment" of this section).

Pull ticket sales are an activity falling within the province's charitable gaming model. They may only be conducted and managed by charitable or religious organizations licensed by the Alberta Gaming and Liquor Commission.

Pull tickets are purchased by eligible charitable or religious organizations in units ranging from several hundred to 10,000 tickets. Those units contain a fixed number of winning tickets and prizes are randomly dispersed within those units.

Generally, groups that are licensed to sell pull tickets are required to sell them from the fixed premises where their services are provided to the community. Various veteran, fraternal, sport and community associations have been eligible for pull ticket licences because they meet this requirement. The requirement is primarily aimed at ensuring a licensed group strictly controls the sales of pull tickets and the security of pull ticket sales is protected.

In addition, while licensed charitable groups holding bingo in community halls have been allowed to sell pull ticket for some time, bingo associations more recently became eligible to sell pull tickets in their bingo halls to raise proceeds for the licensed charities holding bingos at the hall. On a limited basis the Commission has also permitted certain charities to sell pull tickets from their program kiosks in a few malls throughout Alberta.

Pull tickets are typically sold in the price range of 25 cents to $2 per ticket.

In 2000-01, the estimated gross sales from pull tickets in the province were $41.4 million. Charities earned an estimated $8.4 million in proceeds from pull tickets or about 20% of gross sales. The balance of the revenue was used to cover prizes and expenses.

Historical - Alberta

The illegal sale of pull tickets (for example, Lucky 7 "jar tickets") was occurring across Alberta from the 1950s through to the 1970s. The sale of pull tickets was not formally legalized in the province until the 1970s when the province authorized it as a licensed charitable gaming activity.

In 1974, the Attorney General department began to issue pull ticket licences in the province.

In 1979, charitable organizations were selling pull tickets at their bingo events.

In the early 1980s, pull tickets generated more proceeds than any other charitable gaming activity. This occurred despite the fact fewer licences were issued for pull tickets during the early 1980s than for bingo, casinos or raffles, the three other charitable gaming activities being conducted in the province.

For a brief period in the mid-1980s, more licences were issued for pull tickets than for casino events.

Since 1993-94, pull ticket sales and the number of licences issued have generally continued to decline. Charitable organizations have attributed the decline to the availability of video lottery terminals (VLTs) which they believe had drawn away pull tickets customers who otherwise would be buying pull tickets.

In 1995, the Lotteries Review Committee recommended bingo regulations be reviewed to consider allowing bingo halls to sell pull tickets, providing the halls with another activity to raise proceeds for charities holding bingo events.

Pull ticket sales were permitted in association bingo halls in 1998.

Over the years, the maximum prizes for individual winning pull tickets have steadily increased. The current maximum is $1,000. The maximum prize pay out percentage per unit is not regulated. Even so, the provincial average percentage payout is 75%, the highest average prize pay out percentage among all jurisdictions in Canada that permit pull ticket sales.

C. Current Pull Ticket Policies

Criminal Code Requirements

In Canada, the *Criminal Code* (Canada) establishes the legal foundation for gaming activities. All gambling that occurs in any province or territory must meet the requirements of *the Criminal Code*.

Pull tickets are considered a "lottery scheme." Pull ticket sales by charitable organizations would be illegal if it were not for provisions of Section 207(1)(b) of the *Criminal Code* which state it is lawful

> …for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;…

Section 207(2) of the *Criminal Code* allows a provincial authority to prescribe terms and conditions relating to the conduct, management and operation of licensed lottery schemes.

Gaming and Liquor Act (Alberta)

The *Gaming and Liquor Act* grants authority to the Commission to issue pull ticket licences and to impose conditions on those licences subject to the authorization of the Lieutenant Governor in Council (s. 35). The Act also authorizes the Lieutenant Governor in Council to make regulations respecting conditions and eligibility requirements that must be met before a licence is issued or a person is registered (s. 126).

Gaming and Liquor Regulation (Alberta)

The *Gaming and Liquor Regulation* establishes the pull ticket licence, which "authorizes a lottery scheme in which a participant pulls open a ticket to determine if a prize has been won;…" (s. 19(c)).

Under section 20 of the regulation, only charitable or religious organizations are eligible for a pull ticket licence and must satisfy the Board of the Commission the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the Board.

The regulation also establishes the following class of registration of gaming worker:

> "pull ticket manager: authorizes the person to manage the sale of pull tickets." (s. 25(d)).

A "gaming worker" is a person paid to assist a gaming licensee to conduct or manage a gaming activity (s. 24).

The regulation also requires anyone who deals in gaming supplies, which includes pull tickets, must be registered with the Commission (s. 27).

The regulation sets the pull ticket licence fee as $10 per set of sealed boxes or bagged pull tickets (each set is commonly referred to as a "unit" of pull tickets).

Pull Ticket Terms & Conditions

The eligibility criteria for charitable gaming licences, including pull ticket licences, are described in the appendix "Revenue Disbursements, Net Revenues and Proceeds."

The requirements for the conduct and management of pull tickets by licensed organizations are contained in *Pull Ticket Terms & Conditions*. Following are some highlights from that document.

Winning Tickets

Licensees must pay all winning tickets from the units sold by the licensee and presented for payment.

Tickets may only be sold for cash. Cashing cheques or extending credit is prohibited. Sellers may not buy tickets from units they have sold or from any other unit where they may know how many winning tickets have been sold.

The number of major winners remaining in or sold from a unit in play shall not be disclosed to anyone. This is to prevent players from having any advantage from knowing when to buy a ticket.

Ticket Standards and Approval

The maximum value of a pull ticket prize is $1,000 for those groups selling pull tickets six or seven days a week and $500 for those groups selling pull tickets fewer than six days per week.

Manufacturers and/or registered suppliers of pull tickets must submit a sealed unit of all new pull-ticket products to the Commission for approval prior to distributing them in Alberta.

Sales

Pull ticket sales are restricted to the licensee's premises unless the Commission approves otherwise.

Groups may sell pull tickets at special events such as a sports event or an arts or cultural festival under the following conditions:

- sales are restricted to premises or areas specified on the pull-ticket licence;
- hours of sale must conform to the hours of the special event;
- group has a written agreement with the event operators, a copy of which must be submitted to the Commission upon request;
- no new units are to be opened unless there is reasonable expectation they will be sold before the event ends; and
- all other terms and conditions are met.

Patrons may draw their own tickets from the approved pull-ticket container (sellers must observe and verify the number of tickets drawn by the patron equals the number of tickets actually purchased).

Except for seal card units, the licensee may co-mingle all units (any additional unit may be added to a unit that is approximately half sold and thoroughly mixed).

Up to 10% of the net revenue may be used for administrative costs of pull ticket sales, including wages for sellers.

Proceeds and Expenses

A separate pull-ticket account must be established by the licensed charity and net revenue (gross revenue less prizes) placed in that account.

Sale in Bingo Association Halls

Bingo associations may be licensed to sell pull tickets. If they are issued a pull ticket licence they must comply with section 5 of the *Bingo Terms & Conditions and Operating Guidelines*. Some of the key terms and conditions from that document include the following:

- the bingo association may be licensed to sell pull tickets as an agent on behalf of all its members for a two-year period;
- the association must appoint a Commission-approved pull ticket sale manager;
- no individual winning ticket will have a prize value exceeding $1,000;
- a maximum of four types of units may be sold at any time;
- each seller may only sell up to two types of pull tickets;
- sellers must distribute tickets to patrons (patrons may not pick their own tickets from the pull ticket container or apron);
- a seller may only be a paid pull ticket seller or a volunteer who is a bona fide member of the organization conducting the bingo event;
- tickets may be co-mingled (a new unit may be added to a unit that is approximately half sold);
- sellers must permanently deface winning tickets of a value of $5 and over, once the prize has been paid;
- tickets with a value of $5 or more must be retained until the unit types are reconciled;
- the bingo association may retain up to 20% of the net revenue to offset administrative costs of selling pull tickets; and
- proceeds must be pooled quarterly for all members within the association.

D. Current Situation Assessment

Alberta - General

Among all gaming activities in the province, pull tickets have experienced the greatest decline in player participation rates, down 12% since 1993.

There is no minimum or maximum payout percentage established for pull ticket sales. Although payout percentages currently are not regulated the average percentage payout in Alberta is about 75%, which is higher than the average payout percentage of other jurisdictions which range from 62% to 72%.

Pull Ticket Revenue and Licensing

In 2000-01, pull tickets generated $41.4 million in gross revenue, a decrease in gross revenue of 52% since 1993-94.

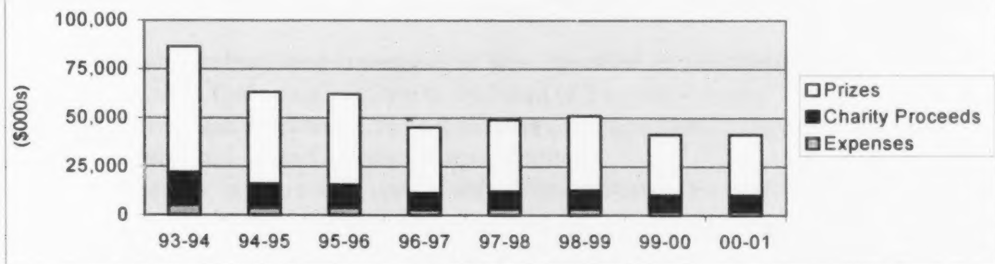
Chart 10-1: Pull Ticket Revenues, Licences and Units Sold - 1993 to 1999-2001

Year	Gross Pull Ticket Revenue ($000)	Prizes ($000)	Expenses ($000)	Charity Proceeds ($000)	Licences Issued	Avg. Proceeds per Licence ($000)	Units Sold	Avg. Proceeds per Unit Sold
00-01[1]	41,355	30,964	1,951	8,440	677	12.5	26,414	$ 320
99-00	41,355	30,964	1,951	8,440	677	12.5	26,414	$ 320
98-99	51,072	38,159	3,380	9,533	740	12.9	33,432	$ 285
97-98	48,912	36,624	3,203	9,085	683	13.3	32,261	$ 282
96-97	45,116	33,664	2,958	8,494	694	12.2	30,611	$ 277
95-96	62,192	46,409	3,858	11,925	772	15.4	28,352	$ 421
94-95	63,161	46,973	3,928	12,260	816	15.0	43,095	$ 284
93-94	86,480	64,284	5,212	16,984	1,129	15	61,042	$ 278

[1] Estimated at time of publication

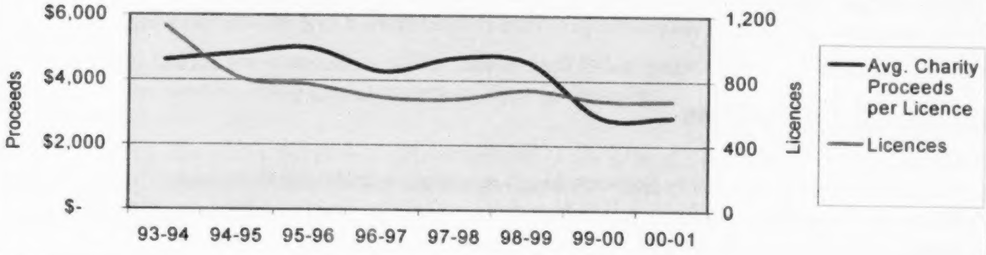
There has been a general decline in gross revenue, yet over the same period the average proceeds per unit sold has increased.

Graph 10-1: Breakdown of Pull Ticket Revenue



The average charitable proceeds from pull ticket sales and the number of licences issued has also steadily decreased.

Graph 10-2: Pull Ticket Proceeds and Licences



Charities Benefiting from Pull Ticket Sales

Pull Ticket Proceeds by Commission Category: 1999-2000

The largest number of pull ticket licences were issued to services clubs (30.4% of the total) in 1999-2000, followed by sports groups (30.0%) and community groups (14.0%). All other categories were each issued fewer than 10% of the licences.

Chart 10-2: Charities Benefiting from Pull Tickets by Commission Category: 1999-2000

Charitable Category	*Gross Pull Ticket Revenue ($000)*	*Licences*	*% Licences*	*Charity Proceeds ($000)*	*%Total Proceeds*	*Avg. Proceeds per Licence*
Service	28,476	206	30.4%	5,529	65.5%	$26,840
Medicine/Health	3,225	24	3.5%	778	9.2%	$32,417
Community	3,130	95	14.0%	671	8.0%	$7,063
Sports	2,357	203	30.0%	535	6.3%	$2,635
Agriculture	925	38	5.6%	210	2.5%	$5,526
Multiculturalism	826	18	2.7%	170	2.0%	$9,444
Senior Citizens	607	39	5.8%	136	1.6%	$3,487
Arts	435	2	0.3%	112	1.3%	$56,000
Education	290	2	0.3%	65	0.8%	$32,500
Social Action	288	10	1.5%	64	0.8%	$6,400
Recreation	297	22	3.2%	56	0.7%	$2,545
Religious	213	14	2.1%	49	0.6%	$3,500
Foundation	151	2	0.3%	36	0.4%	$18,000
Youth	125	1	0.1%	27	0.3%	$27,000
Other	10	1	0.1%	2	0.0%	$2,000
TOTAL	41,355	677	100.0%	8,440	100.0%	$12,467

Service groups earned 65.5% of all proceeds, followed by medicine/health charities (9.2%) and community groups (8.0%). The other categories each earned less than 7%.

The categories that earned more proceeds per licence than the provincial average of $12,500 were the following: arts ($56,000), education ($32,500), youth ($27,000), service ($26,800) and foundations ($18,000). Groups in the other categories earned less than the provincial average.

While the average proceeds per pull ticket licence across Alberta amounted to $12,500 in 1999-2000, the proceeds per licence across the province ranged from a low of $167 to a high of $435,036.

Rules for Pull Tickets Sales

The rules for pull ticket sales vary between bingo association halls and those occurring elsewhere. For example, players may not draw pull tickets from a container within bingo association halls, but may do so in other locations where sales are permitted.

Despite being a relatively straightforward product, pull tickets are complex to administer. For example, to reconcile sales and for security (in case of shortages) the Commission highly recommends once a unit has been assigned to a seller only the assigned seller continues to sell from that unit. Licensed groups sometimes find it difficult or impractical to follow this recommendation.

Sales from Kiosks in Malls

Three charitable groups have been licensed to sell pull tickets from nine kiosks in shopping malls across Alberta. The groups include the Canadian National Institute for the Blind (C.N.I.B.) (Alberta), the Alberta Lung Association (Alberta) and the Red Deer Regional Hospital Centre Voluntary Association. In these cases the charity is required to provide its services from the kiosk, for example, disseminate information about the charity's work in the community. Two of the three groups licensed to do so wish to expand their kiosk locations. Pending the outcome of the Gaming Licensing Policy Review, the Board will not issue pull ticket licences to any other groups to sell pull tickets from shopping mall kiosks. Little interest has been expressed by other charities to sell pull tickets from kiosks.

Licence Fees

The pull ticket licence fee is $10 per unit of pull tickets. Eligible groups obtain a two-year pull-ticket licence from the Commission. Most of those groups, when they purchase each unit of pull tickets from the supplier, pay the licence fee to their supplier. The supplier in turn remits the licence fee to the Commission. Other groups will pay the full licence fee upon approval of the application based on the number of units they plan to sell. The Commission refunds any "unused" part of that licence fee. On behalf of member charities, bingo associations submit a monthly pull ticket sales report with a cheque to cover the licence fee for the units sold.

Seal Card Pull Tickets

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols that determine the game outcome. Players pull or break open the perforated covers to reveal the game outcome.

Seal Card pull tickets are a variation of the regular pull ticket game where not all prizes are won instantly. They involve three key elements or steps as follows:

(1) *The seal card pull ticket purchased by the player* - It contains tabs which the player opens after buying the pull ticket. Various combinations of special symbols (e.g., horses, saddles, covered wagons, etc.) or numbers (e.g., 9421, 523, 105, etc.) appearing under the tabs qualifies the purchaser to participate in a bonus game.

(2) *The seal card administered by the licensee* - It is a large individual card that contains the following:

  (i) Spaces for the names of players who bought pull tickets with the special symbols or numbers. The player writes his or her name beside the symbols or numbers combinations that are on his individual pull ticket.

  (ii) A number of concealed tabs under which are various combinations of special symbols or numbers.

(3) *The opening of the seal card tabs* - After all seal card pull tickets are sold the concealed tabs of the large seal card are opened by the pull ticket licensee. Under those tabs are shown the winning combinations of special symbols or numbers and respective prizes.

Vending and Dispensing Machines

Individual Alberta Legion branches have asked for electronic pull-ticket vending machines. Bingo associations have requested both pull-ticket vending machines as well as pull ticket dispensing machines.

Pull ticket vending machines accept coins from players who activate the machines to dispense pull tickets. Pull ticket vending machines are considered slot machines as defined under the *Criminal Code* (Canada); as such they would have to be conducted and managed by the Commission, thus falling outside the charitable gaming model (see the appendix "Legislative Requirements and Considerations").

Dispensing machines which are not accessed by players and do not accept coins, but are used only to dispense pull tickets to sellers for inventory control purposes would not be considered slot machines as defined under the *Criminal Code*. Sellers must receive pull tickets in batches from the dispenser and then allow players to purchase tickets from the batch of pull tickets.

However, if tickets are dispensed by a seller from a pull ticket dispensing machine and then given directly to a player, the device would be interpreted to be operating as a slot machine. In this case, the seller is interpreted as simply operating the slot machine on behalf of the player. The device would have to be conducted and managed by the Commission. Those authorized to conduct and manage a gaming activity are required to be the primary beneficiaries of the activity.

Market Potential in Alberta

There is no available market research that indicates the potential for pull ticket sales in the province.

A constraint to sales is the general requirement that licensed charitable groups sell pull tickets in a specific facility where they deliver their services, unless otherwise approved by the Commission. Not all charities have their own facility, which limits the opportunities charities have to participate in pull ticket sales.

E. Landscape of Other Provinces

Table 10-1: Landscape of Pull Tickets in Other Provinces – at March 31, 2000

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
British Columbia Conducted & Managed by: British Columbia Lottery Corporation. Regulated by: Gaming Policy Secretariat	Licences: No charitable licences offered. Locations: Sold at social retail site, e.g. bowling alleys, pubs, legions. Vending machines: 1,186	Unconfirmed. Revenue: $108.6 million	Minimum age: 19
Alberta Conducted & Managed by: Licensed charitable groups. Regulated & Licensed by: Alberta Gaming and Liquor Commission.	Licences: 677 licences issued. Locations: Fixed premises where licensed charity provides services. Includes veteran, fraternal, sport, community and bingo associations. Vending machines: Not permitted.	Gross Proceeds: $41.3 million Prizes Paid: $30.9 million Expenses: $2.0 million Charity Profit: $8.4 million Commission / Net Revenue to Sellers:	Minimum age: 18 Charities permitted to sell from their program kiosks in a few malls throughout Alberta.
Saskatchewan Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Saskatchewan Liquor and Gaming Authority.	Licences: 1,406 licensed sellers Vending machines: 285 Sellers: legions, charities.	Return to charity 100% of proceeds – after prizes and expenses. Net Revenue to Sellers Manual sales: 34.24% of net income to site contractor. Vending Machine Sales: 25% of net income to site contractor and 20% of net income to SLGA for machine + maintenance costs.	Minimum age: 18

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
Manitoba Conducted & Managed by: Licensed charitable organizations and Manitoba Lottery Corporation. Regulated & Licensed by: Manitoba Gaming Control Commission.	Licences: 461 licenses issued. Locations: Sold at lottery ticket retailer locations Vending machines: None. Tested, but removed in 1990s.	Gross Rev: $12.6 million Prizes Paid: $8.8 million Expenses: $1.3 million Charity Profit: $2.5 million Commission / Net Revenue to Sellers: Retail sellers 7.5% First Nations sellers 23.3% Charitable groups 18.6%	Minimum age: 18 All breakopen tickets shall be purchased from the Manitoba Lottery Corporation.
Ontario Conducted & managed by: Licensed charitable and non-profit organizations. Regulated and licensed by: Alcohol and Gaming Commission of Ontario.	Licences: 920 Licenses issued: - 831 Breakopen ticket - 89 Provincial BOT Vending machines: None. Removed in 1998 after test period. Provincial BOT licence: Issued to an organization with a demonstrated provincial mandate authorizing the sale of break open tickets at one location within each municipality across the province.	Net Revenue: $225 million Charity Profit: $105 million Expenses: not available Prize Payout: not available Commission / Net Revenue to Sellers: Maximum 6.5% of gross receipts.	Minimum age: 18 Licensee may lease or rent break open ticket dispensers based on approval by the Registrar. Provincial BOT: must open separate designated BOT trust account; must file quarterly financial reports.
Quebec Conducted & Managed by: Regulated & Licensed by:	Unconfirmed.		

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
Nova Scotia Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Nova Scotia Alcohol and Gaming Authority.	Licences: 99 licenses issued. Vending machines: None.	Gross Rev: Not available. Prizes Paid: Not available. Expenses: Not available. Charity Profit: $28k	Minimum age: 19 Commercial Breakopen Conducted & managed by Atlantic Lottery Corporation; 1999-2000 Sales were $20.0 million. Retailers = 34 Commission=12.7%.
New Brunswick Conducted & Managed by: Licensed charitable organizations. Regulated by: Lotteries Commission of NB	Licences: 45 licenses issued. Vending machines: None. Fee: $10 per licence.	Gross Rev: $236.1k Prizes Paid: $154k Expenses: $34k Charity Profit: $48k	Minimum age: 19 Tickets can only be obtained from an approved supplier. Commercial Breakopen Conducted & managed by Atlantic Lottery Corporation; 1999-2000 Sales were $11.8 million. Retailer = 33 Commission = 12.7%.
Newfoundland & Lab Conducted & Managed by: Licensed charitable organizations. Regulated by: Lotteries Licensing Branch Department of Justice	Licences: 489 licenses issued. Vending machines: None. Fee: 1% of total cash prize value. Commercial outlets are not considered suitable premises for a breakopen licence. No licence period shall exceed 12 months.	Gross Rev: $17.5 million Prizes Paid: $12.8 million Expenses: $1.2 million Charity Profit: $3.5 million Administration fees of the Licensee may not exceed 7.5% of gross receipts.	Minimum age: 19 'Nevada' is specified as the only type of breakopen ticket permitted. Illegal to dispense of 'Nevada' tickets by means of slot machine. Commercial Breakopen Conducted & managed by Atlantic Lottery Corporation; 1999-2000 sales were $73.1 million. Retailers = 114 Commission = 12.7%.

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
Prince Edward Island	Licences: No charitable licences. Sold at retail. Vending machines: None.	Retailer Commission: Approximately 12.7%	Commercial Breakopen Conducted & managed by Atlantic Lottery Corporation; 1999-2000 sales were $5.31 million. Retailers = 12 Commission = 12.7%
Yukon	No breakopen offered.	N/A	N/A
Northwest Territories Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch Municipal and Community Affairs.	Licences: 95 Licences issued Vending machines: None.	Net Revenue: Charity Profit: Expenses: Commission / Net Revenue to Sellers: No commission to sellers.	Minimum age: 18 Return to charity: Minimum 20%. No requirement on behalf of the ticket manufacturers.
Nunavut Conducted & Managed by: Regulated & Licensed by: Consumer Affairs.	Not available.	Not available.	Not available.

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on pull tickets.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

The research indicates most adult Albertans view pull tickets as a relatively harmless gaming activity. Most (77%) also feel the availability of pull tickets in the province should remain the same, while a number called for a decrease (19%) and some an increase (4%).

Respondents indicated they would like gaming proceeds in general (without any specific reference to pull tickets) to go to charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). Each of the other areas mentioned received less than 15% support, including, among others, community facility enhancement, sports and recreation, government, children's or youth help programs, gambling addiction and the homeless.

About 9% of adult Albertans said they spent money on pull tickets over the past year and spent an average of about $16.60 on pull tickets in the previous month. That compares to 21% of adult Albertans who reported playing in 1993 and spending an average of $9.87 in the previous month. While the number playing decreased over the seven year period, the reported average amount spent increased.

Forty-six percent of Albertans said they were not at all informed about where to buy pull tickets and about 17% said they were not very well informed. About 14% indicated they knew where to buy them and 23.2% indicated they were somewhat informed.

About 9% of respondents said they would play pull tickets from a dispensing machine in the next year if that option were to be made available.

Most pull ticket players (66.8%) would buy pull tickets at a lottery ticket centre if they were to be made available there. A smaller percentage also said they would buy pull tickets at bars and lounges (58.8%), and bingo halls (56.9% - note: pull tickets are currently sold in many bingo association halls). Other types of locations drew a response from less than half of pull ticket players.

Players said they would buy pull tickets from a dispensing/vending machine if they were made available at bars and lounges (84.8%), gaming room in a hotel (68.8%), bingo halls (55.8%), location devoted to VLTs (55.4%), local casinos (52.4%), resort casino (50.4%), race track (45.0%) and First Nations casino on reserve land (42.3%).

About 87.6% of players indicated the introduction of VLTs has not affected the amount of money they spend on pull tickets, while 10% indicated their spending on pull tickets has decreased and 2.5% indicated they increased their spending. Similar percentages were reported following the introduction of slot machines.

Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups. A representative survey of charities in the province and gaming workers was also conducted.

Industry Stakeholders

During the consultations, most gaming workers and charities viewed pull tickets as being a harmless form of entertainment. The number of gaming workers and charities who felt this way was slightly higher than the percentage of Albertans, the majority of whom also felt pull tickets were a harmless form of entertainment.

Stakeholders generally did not express any concerns or significant issues about pull tickets.

Some interest has been expressed by stakeholder groups currently licensed to sell pull tickets to introduce pull ticket vending machines in their authorized venues.

Charities that currently sell pull tickets from their kiosks in shopping malls would like to expand the number of kiosk locations from which they may sell pull tickets.

Municipalities

Representatives of a municipal association indicated a concern to them was in ensuring charities in outlying areas continue to obtain revenue from gaming activities such as pull tickets, so the rural service groups, for example, will have less need to turn to local municipal councils for support.

Advocacy Foundation

A public policy advocacy foundation held the province's charitable model in high regard, believing it reinforces the integrity of the entire gaming industry in the province. This view about the charitable gaming model echoes the perspective of many other stakeholders.

G. Primary Issues and Recommendations

Assessing Proposed Pull Ticket Recommendations

The first step was to arrive at an initial assessment of current pull ticket licensing policies within the gaming licensing policy framework. Are pull ticket licensing policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about those licensing policies and gaming in Alberta generally. That step was followed by a review of stakeholder perspectives and assessing options to address pull tickets in Alberta over at least the next five years.

As policy options or strategies took shape, the following question was asked: How well do the policies measure up to the key elements of the province's licensing policy framework? For example, questions asked included:

- Do proposed pull ticket licensing policies meet the requirements of the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta), and *Gaming and Liquor Regulation* (Alberta)?
- Are they consistent with government's broad policies for gaming?
- Do they fit within the objectives and goals of the Ministry's three-year business plan?

Only policies that met the basic elements of the policy framework would be considered further, and recommendations were developed accordingly.

Primary Issues and Recommendations

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a few primary issues regarding pull tickets. The primary issues and the respective recommendations appear under the following topic.

A. AVAILABILITY, REVENUE DIVISION, ENFORCEMENT

Albertans generally feel the availability of pull tickets is satisfactory and do not call for more availability of pull tickets in the province. Even so, most Albertans also indicated they were unaware as to where pull tickets were available for sale. This may reflect part of a larger issue facing pull ticket sales.

Among charitable gaming activities, pull ticket sales have experienced the greatest decline in player participation rates over the past decade. Charitable groups involved with the sale of pull tickets expect the Commission will assist them to revitalize pull ticket sales. Some charitable groups have asked that pull ticket vending machines be permitted in their venues. Others have been authorized to sell pull tickets from mall kiosks.

POLICY POSITION:

1. Through the appropriate policies, assist charities to maximize the return they obtain from charitable gaming activities.

One of the Commission's main policy directions is, through the appropriate gaming policies, and terms and conditions, to assist charities to maximize the financial return from charitable gaming activities.

PULL TICKET RECOMMENDATION - 1

- **Permit eligible charities licensed by the Commission to sell pull tickets from mall kiosks located in the same community where their charitable programs are delivered.**
  Comment – Licensed charitable groups have traditionally sold pull tickets in facilities from which the licensed charity delivers it services to the community. A few charities have been permitted by the Commission to sell pull tickets from mall kiosks located in the community where their programs are delivered, providing them greater exposure for their fundraising effort. In those cases, dedicated volunteers or staff are required to manage the pull ticket sales from the mall kiosk and ensure pull tickets are only sold to adults. The charity must also provide the public with information about its services and activities at the kiosk, consistent with a similar requirement in the traditional venues. Authorized or licensed charities would be responsible to make the appropriate arrangements with the mall operator to allow for the sales to occur.

PULL TICKET RECOMMENDATION - 2

- **Evaluate the benefits and costs of permitting eligible charities to use pull ticket vending machines for the sale of pull tickets.**
  Comment - A number of charities have asked to sell pull tickets through the use of pull ticket vending machines. Such machines would enable the charity to reduce or eliminate the requirement for staff or volunteers to sell them. It also eliminates any issues related to different volunteers selling from the same unit, if discrepancies arise between the number of pull tickets issued and revenue earned.

  Pull ticket vending machines are considered electronic gaming devices under the provisions of the *Criminal Code*. As such, they must be conducted and managed by the provincial government, in Alberta, by the Commission as an agent of the government. Such devices would be serviced and maintained by the Commission.

  As well, the primary beneficiary of pull ticket vending machines must be the Alberta Lottery Fund. Given this requirement, would the financial expectations of the charity be met by the introduction of pull ticket vending machines in their premises?

  As part of the process to evaluate pull ticket vending machines, consideration could be given to a pilot test of pull ticket vending machines in a few venues in which charities are licensed to sell pull tickets. A key requirement would be the venue is age-controlled, to eliminate the possibility of sales to minors, who are prohibited from buying pull tickets.

PULL TICKET RECOMMENDATION - 3

- **If pull ticket vending machines are determined to be viable, following an evaluation as recommended, determine how the revenue from them may be divided in a fair and reasonable manner.**
  Comment - As stated earlier, pull ticket vending machines, being electronic gaming devices, must be conducted and managed by the provincial government. As such the primary beneficiary of the proceeds from those vending machines would be the Alberta Lottery Fund. Given this requirement, that the primary share of the proceeds be placed in the Alberta Lottery Fund, there is some question as to whether the financial expectations of the charity could be met by the introduction of pull ticket vending machines.

  If pull ticket vending machines were found to be feasible, how should the proceeds be divided? The provincial government may give consideration to returning a portion of the proceeds deposited in the Alberta Lottery Fund from pull ticket vending machines to the licensed charities that introduce them to their facilities.

RAFFLES

RAFFLES (Charitable Lotteries)

Contents

A. Introduction
B. Background
C. Current Raffle Policies
D. Current Situation Assessment
E. Landscape of Other Provinces
F. Summary of Findings – Public Views and Stakeholder Consultations
G. Primary Issues and Recommendations

A. Introduction

Raffles (charitable lotteries) are a charitable gaming activity or lottery scheme in which prizes are awarded based on a random draw of tickets purchased by players. In Alberta, raffles are conducted and managed by charitable or religious organizations that are licensed for that purpose by the Alberta Gaming and Liquor Commission.

This section discusses the background to raffles in the province. It provides key information related to raffle policies and an assessment of the current situation regarding raffles in Alberta.

Also provided are highlights of some key views and perspectives of adult Albertans regarding raffles obtained through public opinion research. The perspectives of stakeholders, obtained through consultations with them during the Gaming Licensing Policy Review, are also provided.

This section concludes with comments about operational matters that were identified during the Gaming Licensing Policy Review.

B. Background

Raffles are a lottery scheme in which prizes are typically awarded based on a random draw of tickets purchased by players. In Alberta raffles may only be conducted and managed by charitable or religious organizations that are licensed for that purpose by the Alberta Gaming and Liquor Commission.

Licences for raffles with a total ticket value of more than $10,000 are issued directly by the Commission to charitable groups deemed eligible. Licences for raffles with a lesser total ticket value are, for the convenience of charitable organizations, issued by any of the private registry offices across Alberta to charities that have been registered by the Commission.

Non-profit organizations that do not qualify for a gaming licence as a charity may be eligible to conduct a small raffle under section 207(1)(d) of the *Criminal Code* (Canada). In this case, the total ticket value must be $5,000 or less, the ticket price cannot exceed $2 and the retail value of any prize may not exceed $500.

The retail value of prizes must be at least 20% of the total ticket value.

In 2000-2001, the Commission issued an estimated 328 licences for raffles with a total ticket value of more than $10,000. The licensed charities earned an estimated $24.8 million in proceeds from these raffles.

Historical - Alberta

Following are some highlights from the history of raffles in the province over the past 20 years.

Large prize raffles were a significant development in raffles in 1983. The ticket prices of some raffles were $50 and $100.

In 1987, based on requests from charities, the Alberta Gaming Commission licensed Hockey Player Draft raffles. The raffles were initially limited to the 1988 National Hockey League playoffs.

In 1988, for the fourth consecutive year, the number of raffle licences issued to charities had decreased. Despite the decrease, the average raffle grew to $8,581 in tickets sold from an average of $5,221 in 1985. This was attributed to the growth in the number of large dollar value raffles, for example, car and house raffles.

In the face of declining interest by charities to conduct raffles, relative to other gaming activities, the Alberta Gaming Commission noted in 1989 three elements needed for a successful raffle: (1) prizes must be attractive to ticket buyers; (2) raffles must be well marketed to the public; and (3) larger raffles require volunteers committed to plan, organize and sell tickets.

In 1990, more licences were issued for raffles than any other kind of licence. Even so, they generated less gross revenue and net profit than any other type of activity. The Alberta Gaming Commission attributed this to the difficulty groups had selling tickets and competition from other forms of gaming.

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In 1991-92, to help improve raffle ticket sales, the Alberta Gaming Commission approved the use of credit cards to purchase raffle tickets, allowed sports drafts to print entry forms in newspapers and removed the $1 million maximum on total ticket sales.

In 1992, the number of licences issued increased to 3,112 from 2,822 the previous year and net profit increased to $11.7 million from $10.0 million.

In 1993-94, raffle profits were $19.1 million, an increase of 64.2% from the 12 months ending December 31, 1992. A number of groups took advantage of the removal of the $1 million cap to operate large raffles. Smaller raffles (under $10,000) accounted for 88% of all raffle licences.

In 1995, the Lotteries Review Committee conducted hearings into the future of lotteries and gaming. The committee made the following recommendation about raffles:

> The province should deregulate raffles under $10,000 and raffles under $500 should no longer require a licence. Municipalities should act as an agent for the Alberta Gaming and Liquor Commission, taking over licensing responsibility and charging minimal fees to cover their costs. The [Commission] should set guidelines and continue to have the right to inspect raffles. Organizations holding raffles should be required to file with the municipality a one-page disclosure statement indicating the winner(s) of the raffle.

In 1995-96, raffles with a total ticket value of $10,000 or less were licensed through the 230 private registry offices throughout Alberta. Those with a higher total ticket value continued to be licensed by the Commission.

In July 1995, the Alberta Gaming and Liquor Commission amalgamated all liquor and gaming regulatory, enforcement and marketing agencies, including the Alberta Gaming Commission, the Gaming Control Branch, Alberta Lotteries and Gaming and the Alberta Liquor Control Board. In July 1996, the Alberta Gaming and Liquor Commission would be formally established in the *Gaming and Liquor Act* (Alberta).

From 1996 to 1997, the largest number of licences for raffles over $10,000 in total ticket value were issued. It is believed the market may have reached saturation with larger scale raffles and a number of groups inexperienced with raffles conducted larger raffles for the first time. Those factors may have led to reduced sales from 1996 to 1997 and created difficulty for some groups to break even. For example, some raffles were conducted by charities at a net loss to them, some were cancelled and one was restructured to break even.

The licence terms and conditions for raffles over $10,000 in total ticket value were amended in 1998 and the Commission's inspection of raffles increased to improve the likelihood of success in raffles. Changes included the requirement of charities conducting raffles with a total ticket value greater than $100,000 to provide financial and security control plans that detail their specific procedures for the secure storage and handling of tickets and cash proceeds, securing prizes with an irrevocable letter of guarantee and monthly monitoring of major raffles by inspectors.

In June 1998, AADAC issued its second gambling and problem gambling prevalence research report, which indicated one of the gambling activities with the largest decrease in participation between 1994 and 1998 was charity-sponsored sports pools, a type of raffle (17% participation in 1994 and 8% in 1998).

The Lotteries and Gaming Summit, held in Medicine Hat in April 1998, recommended government be committed to the charitable gaming model. The government responded by committing to maintain the charitable gaming model.

C. Current Raffle (Charitable Lotteries) Policies

Criminal Code Requirements

Raffles are considered a "lottery scheme." Raffles would be illegal if it were not for provisions of sections 207(1)(b) of the *Criminal Code* which state it is lawful for a charitable or religious organization

> … pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;…

Section 207(1)(d) provides it is lawful for any person

> … pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme at a public place of amusement in that province if
> (i) the amount or value of each prize awarded does not exceed five hundred dollars, and
> (ii) the money or other valuable consideration paid to secure a chance to win a prize does not exceed two dollars;… .

Section 207(2) of the *Criminal Code* allows a provincial authority to prescribe terms and conditions relating to the conduct, management and operation of licensed lottery schemes.

Gaming and Liquor Act (Alberta)

The *Gaming and Liquor Act* grants authority to the Commission to issue gaming licences and to impose conditions on those licences subject to the Lieutenant Governor in Council's authorization to do so (s. 35).

The act also authorizes the Lieutenant Governor in Council to make regulations respecting conditions and eligibility requirements that must be met before a licence is issued or a person is registered (s. 126).

Gaming and Liquor Regulation (Alberta)

The *Gaming and Liquor Regulation* establishes the raffle licence, which "authorizes a lottery scheme in which tickets or prize bonds are sold for a chance to win a prize;…" (s. 19(c)).

Under section 20 of the regulation, only charitable or religious organizations are eligible for a raffle licence and must satisfy the board the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the Board of the Commission.

The regulation establishes a class of registration of gaming workers that includes "raffle manager," which authorizes a person to manage a raffle (i) where the sale price of all raffle tickets authorized to be sold exceeds $10,000, or (ii) that involve prize bonds" (s. 25(c)).

Under the regulation a term of a gaming licence may be one or two years, as specified in the licence or registration (s. 29).

The raffle licence fees, to cover part of the administration costs, are as follows:

- no charge - total ticket value of $10,000 or less;
- $150 - total ticket value of more than $10,000 and less than $100,000;
- $500 - total ticket value of $100,000 or more and less than $1 million; and
- $1,000 - total ticket value of $1 million or more.

Raffle (Charitable Lotteries) Terms & Conditions

The requirements for the conduct and management of raffles by licensed organizations are contained in two documents:

- *Raffle Ticket Terms & Conditions: Total Ticket Value More Than $10,000* (licensed by the Commission) and
- *Raffle Ticket Terms & Conditions: Total Ticket Value $10,000 or Less* (licensed through private registry offices).

The terms and conditions for raffles over $10,000 are similar to those for raffles $10,000 or less. Following are the key differences:

Table 11-1: Key Differences in Terms & Conditions for Raffles Under $10,000 and Raffles Over $10,000

RAFFLE FEATURE	TOTAL TICKET VALUE - MORE THAN $10,000	TOTAL TICKET VALUE - $10,000 OR LESS
Eligibility	• Group must be incorporated. Acceptable forms of incorporation include: • Societies Act; • Part 9, Companies Act; • Part II, Canada Corporations Act; • other Alberta statutes, as follows: • group controlled under School Act (except school councils, which are ineligible); and • group established under Regional Health Authorities Act to enhance hospital care for people in the community. • Charter from a recognized international governing body, for example, service club charter.	• Legal incorporation is not required. • Special allowance given for a non-profit group that does not qualify as a charity to be eligible to conduct a small raffle. Criteria include: • group must have elected executive; group not eligible for any other gaming licence; • profits must be spent according to Commission guidelines; • total ticket value must be $5,000 or less; ticket price cannot be more than $2; retail value of prize cannot exceed $500; • sales and draw must occur at "public place of amusement" such as hall, place, premise, room where amusement takes place; and • all other requirements of the Ts & Cs must be met.

RAFFLE FEATURE	TOTAL TICKET VALUE - MORE THAN $10,000	TOTAL TICKET VALUE - $10,000 OR LESS
Operation and Payment	• Raffle ticket manager must be registered. • Draft copies of ticket selling contracts and raffle management contracts must be provided with the raffle application for review by the Commission. • Contracts shall include a raffle business plan. • Raffle manager must provide monthly summary of raffle income and expenses to each licensee. • 50/50 draws and other percentage draws must have a record or control system.	• No similar requirements.
Draw Procedures	• The draw can only be made by any person who does not own a ticket or a share of a ticket in the draw.	• No similar requirement.
Prizes	• Group may be required by Board to guarantee raffle prizes (if required, an irrevocable letter of credit in favour of the Commission, equal to value of total prize package, must be submitted).	• No similar requirement.
Financial Reports and Records	• Separate bank account required, with chequing privileges and monthly return of cancelled cheques. • Profits must be kept in the account until spent on approved uses. • Licensee must keep serial number record for the raffle, showing distribution of ticket stubs and cash or unsold tickets; to reconcile totals at conclusion of raffle.	• No similar requirements.

Sports Drafts Terms and Conditions

It is estimated fewer than 5% of raffles in Alberta with a total ticket value of more than $10,000 are sports draft raffles.

The terms and conditions for sports drafts are similar to those for raffles over $10,000. Following are the key differences:

1. The licensee must post a complete list of rankings, points and names of prize winners for viewing by contestants. The information has to be updated at least monthly for the regular season and at least biweekly for playoffs.
2. Under its own raffle rules, the licensee has to specify the following:
    - if any limit will be placed on the number of entries permitted per individual or household;
    - a date by which entries must be received by the licensee to be eligible;
    - how ties are resolved;
    - how contestants select players and make trades; and
    - how prizes are awarded.
3. The licensee can use corporate endorsements if any promotional material indicates profits raised are used for charitable purposes. The promotional material must clearly indicate the raffle is operated by the charity.

4. All sales of sport draft entry forms must cease by the third Friday after the regular season begins or, for a playoff draft, before the playoffs begin.

5. The licensee must submit with its application an operation plan that gives the following details:
   - procedures for the review of each sold entry form, to ensure compliance with draft rules;
   - procedure for notifying contestants as to the public location where information on rankings, points and prize winners can be viewed and when that information may be viewed; and
   - procedures for draft data entry, data system used and checks that will be used to confirm the accuracy of the information.

6. An outside firm may be used to post and verify standings.

7. Final prize winners' names and point standings shall be published in a local newspaper. To allow for any challenge to the standings, prizes cannot be awarded for two weeks after publication.

D. Current Situation Assessment

This current situation assessment deals exclusively with raffles having a total ticket value of $10,000 or more.*

Gaming Revenue from Raffles: 1994 – 2000

In 2000-2001, raffles generated an estimated $58.3 million in gross revenue. Over the past five years the gross revenues from raffles has fluctuated, but generally remained stable or flat.

The level of expenses for raffles has declined since 1996-97, a year when there was a dramatic increase in the expenses to run raffles over the previous year. This may also help explain the higher average levels of revenue per licence.

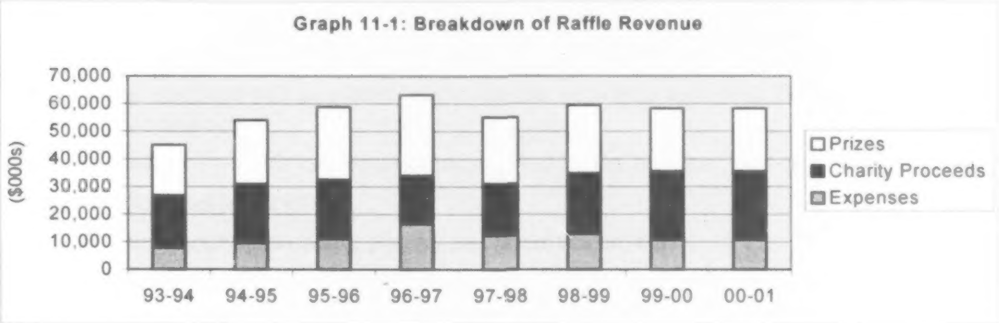
Chart 11-1: Raffle Revenues, Licences and Units Sold - 1993 to 1999-2001

Year	Gross Raffle Revenue ($000)	Prizes ($000)	Expenses ($000)	Charity Proceeds ($000)	Licences Issued	Avg. Proceeds per Licence ($000)
00-01[1]	58,331	22,712	10,770	24,849	328	$ 75,759
99-00	58,331	22,712	10,770	24,849	328	$ 75,759
98-99	59,423	24,463	12,861	22,099	345	$ 64,055
97-98	55,085	23,971	12,390	18,724	373	$ 50,198
96-97	63,237	29,135	16,575	17,527	472	$ 37,133
95-96[2]	58,863	26,203	11,177	21,483	532	$ 40,382
94-95	54,044	23,055	9,704	21,285	3,314	$ 6,423
93-94	45,022	18,164	7,841	19,017	3,330	$ 5,711

[1] Estimated at time of publication

[2] Raffles with a ticket value under $10,000 not included

The proceeds from raffles have increased by 16% from 1995-96 to 1999-2000. The average proceeds per raffle licence increased during the same period by 88%. Those increases coincided with a decrease of 38% in the number of raffle licences issued.



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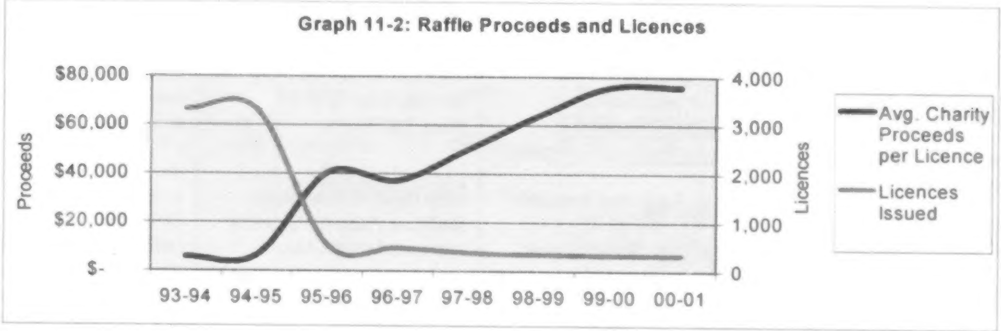
* Starting in 1995-96, the licences for raffles with a total ticket value of up to $10,000 have been issued by private registry offices throughout the province as a convenience for charities to obtain raffle licences.

Over the past five years the overall charitable proceeds earned from raffles has been indirectly related to the number of licences issued. That is, as fewer licences were issued over this period a higher level of proceeds was generated.



Graph 11-2: Raffle Proceeds and Licences

Charities Benefiting From Raffles

The greatest number of raffle licences were issued to sports groups (27.4%), followed by service groups (19.8%), agricultural groups (12.2%), social action groups (11.9%) and foundations (10.4%). Each other category obtained fewer than 3% of raffle licences issued in the province.

Chart 11-2: Charities Benefiting from Raffles by Commission Category: 1999-2000

Charitable Category	Gross Raffle Revenue ($000)	Licences	% Licences	Charity Proceeds ($000)	%Total Proceeds	Avg. Proceeds per Licence
Foundation	26,910	34	10.4%	11,196	45.1%	$329,294
Service	10,472	65	19.8%	3,680	14.8%	$56,615
Sports	6,963	90	27.4%	3,148	12.7%	$34,978
Agriculture	5,748	40	12.2%	2,917	11.7%	$72,925
Social Action	3,197	39	11.9%	1,563	6.3%	$40,077
Medicine/Health	1,508	9	2.7%	822	3.3%	$91,333
Other	1,672	2	0.6%	705	2.8%	$352,500
Arts	631	13	4.0%	299	1.2%	$23,000
Recreation	315	10	3.0%	162	0.7%	$16,200
Community	437	11	3.4%	156	0.6%	$14,182
Education	208	7	2.1%	80	0.3%	$11,429
Multiculturalism	159	4	1.2%	69	0.3%	$17,250
Religious	66	3	0.9%	36	0.1%	$12,000
Youth	45	1	0.3%	16	0.1%	$16,000
Senior Citizens	0	0	0.0%	0	0.0%	$0
TOTAL	58,331	328	100.0%	24,849	100.0%	$75,759

The greatest share of raffle proceeds were earned by foundations (45.1%), service groups (14.8%), sports groups (12.7%) and agricultural groups (11.7%). The other categories each earned less than 7% of total proceeds.

Only three categories generated higher than the provincial average proceeds per licence of $75,800. They were 'other' (groups that did not readily fall into one of the other 13 categories) at an average of $352,500 in proceeds per licence, foundations at $329,300 and medicine/health at $91,000.

E. Landscape of Other Provinces

Table 11-2: Landscape of Raffles in Other Provinces – 1999/2000

JURISDICTION	NUMBER OF LICENCES / DIVISION OF REVENUE	TERMS & CONDITIONS	COMMENTS
British Columbia Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: BC Gaming Commission	Licences issued: Not available. Division of Revenue Charity Profit: $18.9 million Prizes Paid: Not available. Expenses: Not available. Raffle Types Class A: $10,000+ Class B: $10,000 or less / calendar year.	Prizes: Value of all prizes shall not be less than 20% of projected sales. Return to charity: Minimum 30% of gross revenue must be used for approved purposes. Raffle Manager Commissions: Not to exceed 10% of the price of each ticket sold. Expense limit: None specified in Ts&Cs.	Minimum age: winners under the age of 19 shall have their prize delivered to a legal guardian. No licensee shall conduct and manage more than three "A" license ticket raffles in a 12 mo. period. Applications must be submitted at least 12 weeks prior to the proposed event. Fee: $25 for B License
Alberta Conducted & Managed by: Licensed charitable groups. Regulated & Licensed by: Alberta Gaming and Liquor Commission.	Licences issued: 342 licences issued. Division of Revenue Gross: $59.4 million Prizes Paid: $24.4 million Expenses: $12.8 million Charity Profit: $22.1 million	Prizes: Minimum 20% of total ticket value. Return to charity: Minimum 30% of total ticket value. Raffle Manager Commissions: Maximum 5% of gross revenue from sold tickets. Expense limit: As approved on application.	Minimum age: 18 AGLC licences raffles of $10,000+. Private registry office licence raffles of $10,000 or less.
Saskatchewan Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Saskatchewan Liquor and Gaming Authority.	Licences issued: 1,361 licences issued: • 701 Class L • 660 Class R Division of Revenue Not available.	Prize Categories Class L: $1,000+ Class R: up to $1000 Return to charity: None specified in Ts&Cs. Raffle Manager Commissions: None specified in Ts&Cs. Expense limit: None specified in Ts&Cs.	Minimum age: 18

JURISDICTION	NUMBER OF LICENCES / DIVISION OF REVENUE	TERMS & CONDITIONS	COMMENTS
Manitoba Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Manitoba Gaming Control Commission.	Licences issued: 157 Licenses issued Division of Revenue Gross Rev.: $11.9 million Prizes Paid: $4.7 million Expenses: $2.2 million Charity Profit: $5.0 million	Prize Limits Regular: up to $125k. Major: $125-500k 50/50: $2,500 (50% of gross revenue). Return to charity: None specified. Expense Limits Regular raffle and 50/50: 10% of gross revenue Major Raffles: 15% of gross revenue for major raffles.	Minimum age: 18 Fee: Determined by the Commission. Limit of 4 major raffles ($250k+) per year per license. Total value of tickets printed shall not exceed 12 times the retail value of the prizes to be awarded. All raffles over $3,000 are licensed by MGCC.
Ontario Conducted & managed by: Licensed charitable organizations. Regulated & licensed by: Alcohol and Gaming Commission of Ontario.	Licences issued: 185 licences issued Division of Revenue Net Revenue: $80 million Expenses: not available Prize Payout: not available Charity Profit: $52 million	Prize limit: As approved on licence application. Return to charity: None specified in Ts&Cs. Raffle Manager Commissions: Maximum 5% of the price of each ticket sold. Expense limit: Director may limit the expense amount.	Minimum age: 18 All raffles over $50,000 are licensed by AGCO.
Quebec Conducted & Managed by: Licensed & charitable organizations. Regulated & Licensed by: RACJ	Licences issued: 1,620 licenses issued.	Not available.	Minimum age: Unconfirmed
Nova Scotia Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Nova Scotia Alcohol and Gaming Authority	Licences issued: 1,185 Licenses issued 610 series 575 single Division of Revenue Charity Profit: $5.4 million Prize Paid: $6.5 million Expenses: $2 million NS Gov't: $130k Figures include statistics for permits of lotteries with prizes under $500, of which there were 4,504.	Prize limit: As approved on application. Return to charity: As approved on application. Raffle Manager Commissions: As approved on application. Expense limit: As approved on application.	Minimum age: 19 Fee: 2% of the value of all prizes awarded. Guidelines in the process of being drafted.

JURISDICTION	NUMBER OF LICENCES / DIVISION OF REVENUE	TERMS & CONDITIONS	COMMENTS
New Brunswick Conducted & Managed by: Licensed charitable organizations. Regulated by: Lotteries Commission of Licensed by: Licensing Branch Department of Public Safety	Licences issued: 386 Licenses issued Division of Revenue Charity Profit: $3.6 million Prizes Paid: $3.1 million Expenses: $1.5 million	Prize limit: $75,000 Return to charity: 15% of gross proceeds. Raffle Manager Commissions: None specified in Ts&Cs. Expense limit: None specified in Ts&Cs.	Minimum age: 19 Application must be received at least one month prior to the event. Fee: $25 for events with total prizes value at $500 or more.
Newfoundland & Lab Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Lotteries Licensing Branch Licensing Division Department of Justice	Licences issued: 577 licenses issued Division of Revenue Charity Profit: $3.6 million Prizes Paid: $2.7 million Expenses: $837k	Prize limit: None specified in Ts&Cs. Return to charity: 15% of gross proceeds. Raffle Manager Commissions: Maximum 20% of gross receipts. Expense limit: None specified in Ts&Cs.	Minimum age: 19
Prince Edward Island Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Consumer Services Section Department of Community Affairs & Attorney General/	Licences issued: 791lottery scheme licenses issued – includes raffles, lotteries and casino nights. Breakout of raffle licences and revenue figures not available.	Prize limit None specified in Ts&Cs. Return to charity: None specified in Ts&Cs. Raffle Manager Commissions: None specified in Ts&Cs. Expense limit: None specified in Ts&Cs.	Minimum age: 18 Fee: 2% of total prize value awarded.
Yukon Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Department of Justice	Licenses issued: 104 licences issued	Prize limit: $5,000+ requires guarantee from financial institution. Return to charity: Unconfirmed Raffle Manager Commissions: Unconfirmed Expense limit:	Minimum age: Unconfirmed

JURISDICTION	NUMBER OF LICENCES / DIVISION OF REVENUE	TERMS & CONDITIONS	COMMENTS
Northwest Territories Conducted & Managed by: Licensed charitable organizations. Regulated & Licensed by: Licensing Branch of Municipal and Community Affairs	Licences issued: 36 Licences issued	Prize limit: $30,000+ requires ministerial approval. Return to charity: Minimum 20%. Raffle Manager Commissions: Unconfirmed Expense limit: Unconfirmed	Minimum age: Unconfirmed 3 of 33 raffles territory-wide.
Nunavut Conducted & Managed by: Unconfirmed. Regulated & Licensed by: Consumer Affairs	Not available.		

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on raffles.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

The research indicates most adult Albertans view raffles as the least harmful gaming activity. Most (79%) also feel the availability of raffles in the province should remain the same, while some believe there should be greater availability (14%) and others less availability (7%).

During the Licensing Policy Review, about 73% of adult Albertans surveyed indicated they were somewhat or well informed about where raffle proceeds go. Among gaming activities, this is the highest level of awareness as to where the proceeds go.

In addition, 96% of respondents believe proceeds from raffles go toward a good cause, higher than the response for all other gaming activities.

More than half of the respondents rely primarily on the newspapers to learn where proceeds from gaming in general go.

Respondents indicated they would like gaming proceeds in general (without any specific reference to raffles) to go to charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%).

About 65% of adult Albertans said they bought raffle tickets over the past year and spent an average of about $26.25 on raffles in the previous month. That compares to 67% of adult Albertans that reported playing in 1993 and spending an average of about $8.50 in the previous month.

Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups and a representative survey of charities in the province and gaming workers.

Industry Stakeholders

During the consultations, most industry members and charitable organizations indicated the availability of raffles in the province should remain at its current level and did not raise any concerns or issues regarding raffles.

Stakeholders support the charitable model of gaming in the province which includes raffles.

Advocacy Foundation

A public policy advocacy foundation held the province's charitable gaming model in high regard, believing it reinforces the integrity of the entire gaming industry in the province. This view about the charitable gaming model echoes the perspective of many other stakeholders.

G. Primary Issues and Recommendations

Process of Review

The first step in the licensing policy review process was to arrive at an initial assessment of current raffle licensing policies within the gaming licensing policy framework. Are raffle licensing policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about those policies and gaming in Alberta generally. That step was followed by a review of stakeholder perspectives and determining whether there were any primary issues related to raffles.

Primary Issues

The licensing policy review identified no significant issues regarding raffles. No recommendations are being made specifically for raffles. The recommendations made earlier under the section "Gaming in General," which apply to all gaming activities, would address raffles as well.

Changes that were implemented to raffle policies in 1998 have effectively ensured the continued integrity of raffles while providing charities the flexibility necessary to compete with other gaming activities.

During the licensing policy review, a few operational matters were identified. Those matters, which may be addressed through *Raffle Terms and Conditions*, include the following.

The use of electronic technology should be evaluated to efficiently track the licensing of raffles with a total ticket value of $10,000 or less. This licensing occurs through private registry offices throughout the province. Private registry offices are automated and, due to the nature of their business, have access to the Internet. This operational matter is aimed at evaluating how electronic technology would help to simplify the work of private registry offices, which currently issue licences using a manual process, and allow them to cost-effectively transmit the raffle licensing information electronically to the Commission.

Require raffle managers be paid based on the number of raffle tickets sold. The value of the fee or commission paid to a raffle ticket manager should be related directly to raffle ticket sales rather than a raffle's total ticket value, which may be an artificially inflated amount. Other provinces, such as Ontario and British Columbia, regulate the pay to a hired raffle manager based on a percentage of the price of each ticket sold. In Alberta, a raffle ticket manager may charge up to 5% of the total ticket value for raffles with a total ticket value of over $10,000, regardless of the actual raffle ticket sales. Under this operational matter, the raffles policies could be improved by requiring that raffle ticket managers be compensated, for example, based on a fixed fee up to a maximum percentage of actual raffle ticket sales.

PROVINCIAL
LOTTERIES

SLOT

SLOT MACHINES

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A. Introduction

Slot machines are located in the province's 16 permanent licensed charitable casino facilities and are provided to temporary events authorized by the Commission, such as major exhibitions. Slot machines are also located in two racing entertainment centres affiliated with the racetracks at Edmonton Northlands and Lethbridge Whoop-Up Downs, as part of the Racing Industry Renewal Initiative to revitalize live horse racing in the province.

This section discusses the background to slot machine gaming in the province. It provides key information related to current slot machine policies and an assessment of the current situation regarding slot machine gaming.

Also provided are highlights of some key views and perspectives of adult Albertans regarding slot machines, as obtained through public opinion research. The perspectives of stakeholders, obtained through consultations with them during the Gaming Licensing Policy Review, are also provided. A cursory overview of some pertinent findings from other provincial jurisdictions is included.

This section concludes with recommendations to address primary issues identified by the public, stakeholders and the Commission.

B. Background

Conduct and Management of Slot Machines

Under the *Criminal Code* (Canada), only a provincial government may conduct and manage a lottery scheme operated on or through a computer, video device or slot machine.

The *Gaming and Liquor Act* (Alberta) authorizes the Alberta Gaming and Liquor Commission to conduct and manage such lottery schemes on behalf of the provincial government.

The province's network of slot machines is monitored through the Commission's central computerized system as a security/control measure, a critical element in the conduct and management of slot machines by the Commission.

Each slot machine operates independently of other slot machines. The prize percentage pay out of each free-standing terminal is certified by an independent testing laboratory. Prize pay out is calculated as total winnings divided by total wagers and for slot machines in Alberta averages between 92% and 93% over extensive play.

Slot Machines Venues

Slot machines are found in the 16 permanent casino facilities located throughout the province, in temporary casinos during major summer fairs and exhibitions and in the province's two racing entertainment centres affiliated with the racetracks at Edmonton Northlands and Lethbridge Whoop-Up Downs.

The Commission enters into an agreement with operators of licensed casino facilities to provide space and customer services in operating the slot machines during licensed casino events. The net revenue (after prizes) from slot machines in casinos is divided as follows: Alberta Lottery Fund - 70%, charities conducting licensed casino events - 15% and casino facility licensees or operators - 15%.

The racing entertainment centres are part of the Racing Industry Renewal Initiative, to help revitalize live horse racing in the province. The initiative involves racetrack operators and the Alberta Racing Corporation. The net revenue from slot machines in racing entertainment centres is divided as follows: 15% commission to the racing entertainment centre operator and 85% to the Alberta Lottery Fund. Of the lottery fund portion, 18 1/3% is allocated to the racing entertainment centre operators to assist with the capital and operating costs of live horse racing and 33 1/3% to the Alberta Racing Corporation (ARC) through the government's annual budget process to enhance the purses of live horse racing at the racetracks. This allocation is also in place for slot revenues from the Stampede Casino in Calgary, with the exception that 15% is allocated to the charities working at the casino and 18 1/3% to the ARC for purse enhancements.

Types of Slot Machine Games, Themes and Denominations

There are several different types of slot machines in the province. Each type of slot machine may be configured to any of numerous game "themes." Examples of game themes include "Red, White and Blue," "Sizzling Sevens," "Double Bucks," "Monopoly," etc. Currently there are about 200 different game themes for slot machines in the province.

There are video and mechanical reel games, single line and multi-line games, and progressive jackpots.

Slot machines pay prizes in the form of coins dispensed in the tray of the machine or, in the case of larger prizes such as jackpot prizes, by cash or cheque. Slot wagers may be in denominations of five cents, 25 cents or $1. Wagers range from five cents to $5, depending on the games played and the number of coins or lines bet. For example, the maximum bet on "five cent slots" is $2.25 (45 lines times five cents).

The maximum top prizes also depend on the game played. Some province-wide linked progressive games (in which various slot machines are linked together for the game and a portion of the cash played goes toward a prize that builds until it is won) have produced top prizes approaching $725,000. Some prizes from progressive slot games have included merchandise prizes such as new vehicles.

Other progressive slot games include local area progressives, played in a single casino and stand-alone progressives, which involve play on a single slot machine in a casino.

History of Slot Machines in Alberta

The *Criminal Code* was amended in 1986 to grant authority to the provinces to operate mechanical or electronic gaming devices. The first electronic gaming devices to be introduced to the province were video lottery terminals (VLTs) in 1992.

Slot machines were tested at the Calgary Stampede and during the Edmonton Klondike Days and rural fairs in 1993.

In 1995, the Lotteries Review Committee, comprised of MLAs whose task was to consult with Albertans about the future directions for lotteries and gaming, recommended casino VLT revenues should be shared with non-profit organizations holding casino events. At that time there were no slot machines in the province's casinos.

In January 1996, 225 slots were introduced to permanent casino facilities in Alberta, with a maximum limit of 25 slot machines for facilities in Edmonton and Calgary and 10 for facilities in other locations. Of the net revenue from slot machines (gross revenue less prizes), 10% was allocated to charities conducting licensed casino events, consistent with the Lotteries Review Committee recommendation of 1995. Casino operators received 5% of net revenue as commissions and 85% was placed in the Alberta Lottery Fund. The slot machines provided a standard three-reel game, 25 cent denomination and with a top prize of $1000.

In November 1996, the commissions from slot machines was adjusted as follows: charities conducting casino events 15% of net revenue, casino operator 15% of net revenue and the Alberta Lottery Fund receives the remaining 70%.

In July 1995, the Alberta Gaming and Liquor Commission amalgamated all liquor and gaming regulatory, enforcement and marketing agencies, including the Alberta Gaming Commission, the Alberta Gaming Control Branch, Alberta Lotteries and the Alberta Liquor Control Board. In July 1996, the Alberta Gaming and Liquor Commission would be formally established in the *Gaming and Liquor Act*.

Racing Entertainment Centres Established

In October 1996, the Commission, in partnership with the Alberta Racing Corporation and Edmonton Northlands, introduced 50 slot machines to Northlands Park as part of an initiative to revitalize the horse racing industry.[1] Net revenues were divided equally (33 1/3%) among the three partners: the racetrack operator, Alberta Racing Corporation and the Alberta Lottery Fund (through the Commission).

Additional Slot Machines for Casinos

In 1997, the casino operating guidelines allowed the maximum number of slot machines in casino facilities to be doubled based on various criteria including customer demand, terminal sales, performance and the space capacity of the facility; the hours for table games to be extended by one hour; liquor service on the casino gaming floor and for casinos to operate on Sundays.

In June 1997, slots were installed in a racetrack facility located in Lethbridge. The centre operated with 25 slot machines.

Casinos Improve Gaming Environment

Since 1997, casino facility operators have expanded and improved their facilities to accommodate additional slot machines and attract slot players. Those that made renovations, including investment in decor and the general gaming environment, experienced an increase in overall sales, including revenue from table games. Some of the current casinos, constructed prior to the introduction of slot machines, were purpose or custom built exclusively for table games. As a result, the space capacity within these facilities has not kept up to the growing demand by players for slot gaming.

Due to fluctuations in the daily casino hold (revenue less winnings) charities' proceeds from slot machines began to be pooled, starting in July 1997. Pooling resulted in an averaging of proceeds among charities holding casino events. In the centres with more than one casino facility (Calgary, Edmonton and Red Deer) charities' slot machine proceeds were shared equally through a citywide pool over a 90-day period. In other areas proceeds were pooled for 90 days by each casino.

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[1] Since then, another 200 slot machines were added to the facility.

Division of Slot Revenue in Racing Entertainment Centres

The Auditor General of the province reported in May 2000 the division of slot revenue in racing entertainment centres was not in compliance with provincial legislation. The legislation requires that all lottery revenue, after payment of certain costs including retailers' commissions, be deposited into the Alberta Lottery Fund. The Auditor General also indicated any additional revenue to support the racing renewal initiative would have to be voted on by the provincial legislature.

As a result, the division of slot machine net revenue (gross revenue less prizes) was adjusted as follows: 15% commission to the racing entertainment centre operator and 85% to the Alberta Lottery Fund. Of the lottery fund portion, 18 1/3% is allocated to the racing entertainment centre operators to assist with the capital and operating costs of live horse racing and 33 1/3% to the Alberta Racing Corporation (ARC) through the government's annual budget process to enhance the purses of live horse racing at the racetracks. This allocation is also in place for slot revenues from the Stampede Casino in Calgary, with the exception that 15% is allocated to the charities working at the casino and 18 1/3% to the ARC for purse enhancements.

Gaming Licensing Policy Review Announced

The Minister of Gaming announced a review of gaming licensing policies in December 1999. The Commission suspended consideration of requests to license or approve new casinos, casino expansions or re-locations, new games and new gaming environments pending the outcome of the review.

Casino Proceeds Exceed Those of Bingo

Since 1982 and, until recently, the total amount of proceeds to charities from bingo events has exceeded that from casino events. That changed in 1999-2000, when the total amount of proceeds to charities from casino gaming (from table games and slots combined) exceeded bingo.

Table 12-1: Numbers of Slot Machines in Alberta, 1996 - 2001

FISCAL YEAR UP TO DATE SHOWN	NUMBER OF SLOT MACHINES	NUMBER OF SLOT LOCATIONS	COMMENT
March 31, 1996	225	13	Slot machines introduced to majority of permanent charitable casino facilities in 1995-96.
March 30, 1997	765	18	During 1996-97 slot machines were introduced to remaining permanent casino facilities, added to existing ones, and introduced to the Northlands racing entertainment centre.
March 29, 1998	1,680	19	Slot machines introduced to Whoop-Up Downs racing entertainment centre in Lethbridge in 1997-98.
March 31, 1999	2,851	18	Additional slot machines added to existing facilities. Slot machines were removed from Cash Casino in Lethbridge during 1998-99.
March 18, 2000	3,742	18	Cash Casino in Lethbridge closed in the summer of 1999. Slot machines added to existing or relocated casino facilities.
March 31, 2001	4,353	18	Slot machines added to existing or relocated casino facilities.

C. Current Slot Machine Policies

The province's slot machine policies have been developed within a legal framework that consists of the federal *Criminal Code*, the province's *Gaming and Liquor Act* and *Gaming and Liquor Regulation*.

Under the *Criminal Code* only a provincial government may conduct and manage a lottery scheme operated on or through a computer, video device or slot machine.

The *Gaming and Liquor Act* (Alberta) authorizes the Alberta Gaming and Liquor Commission to conduct and manage such lottery schemes on behalf of the provincial government. A more detailed discussion of the legal requirements are provided in the appendix "Legislative Requirements and Considerations."

The Alberta Lottery Fund is the primary beneficiary of slot machine gaming. The Alberta Lottery Fund supports thousands of charitable, non-profit, community and public initiatives across the province. Charities that hold casino events in the permanent charitable casino facilities also receive a commission of 15% of the net revenue from slot machines for their charitable community projects.

Province's Slot Machine Network

In keeping with its responsibilities to conduct and manage electronic gaming devices, the Commission purchases and owns slot machines and monitors the network of all its slot machines through a central computerized system as a security/control measure.

The Commission enters into a Casino Gaming Retailer Agreement with each operator of a charitable casino facility and a racing renewal initiative agreement with the operator of each racing entertainment centre. Under these agreements the operator agrees to provide space for slot machines and customer services during their operation; in return the operator receives a commission of 15% of net sales from the slot machines.

Commission staff install, remove and provide technical maintenance for all slot machines and the related signage and equipment.

Casino Facility Policies - Permanent Facilities

Casino facility licensees or operators are required to meet the slot machine policies contained in *Casino Terms & Conditions and Operating Guidelines* as well as the conditions in the casino gaming retailer agreement with the Commission.

Under current policy the Commission will provide a minimum of 50 slot machines to minor casinos (those with 15 or fewer table games) and 100 to major casinos (those with 16 or more table games).

The casino facility licensee must provide electrical outlets, slot machine cash cage, the appropriate insurance as required under the retailer agreement and agree to report any slot machine malfunctions to the Commission. The licensee is also required to cover related utility costs and any costs for the repair of slots, fixtures, or signs destroyed or damaged, other than by normal wear and tear, while in the care of the licensee.

All proceeds received from slots, less winnings and retailer commissions, are the property of the Commission. The retailer receives, holds and deals with those proceeds as bare trustee for the Commission.

Charitable organizations that conduct casino events receive 15% of slot machine net revenue as commissions. In cities with one casino the revenues are pooled and distributed at the end of the pooling period to each charity that held a casino at that facility during the pooling period. In Edmonton, Calgary and Red Deer, cities with more than one casino, the net revenue from slot machines is pooled from all the charitable casinos in the city that were held during the pooling period and distributed accordingly to the charities.

Casino Policies - Temporary Events

The Board of the Commission may each year approve requests for slot machines from eligible summer agricultural fairs and exhibitions (see below for the list of approved events in the province). If those slot machines are provided during a casino event held by the agricultural fair or exhibition, then the terms and conditions for slot machines are similar to those of permanent casino facilities, as provided in the *Casino Terms & Conditions and Operating Guidelines* and include a casino gaming retailer agreement.

A non-profit organization that operates an annual summer fair or exhibition in a community where a casino facility licence already exists, may apply for a casino licence in the community's casino facility for the duration of the major event. For example, the non-profit organizations involved with the major events in Red Deer, Medicine Hat and Lethbridge participate in this type of arrangement. Red Deer and Medicine Hat also have slots on site at their respective fairs and exhibitions. Edmonton and Calgary are excluded from using the existing permanent casino facilities so that casino event licences may be be issued to other qualified charitable groups during the major event. Both of the larger centres operate their own on-site casinos during their major exhibitions.

Based on availability, slot machines may be allocated to the approved annual major events as follows:

a) Edmonton (Klondike Days)- maximum 250 slot machines and, if available, up to 100 test slot machines;
b) Calgary (Calgary Stampede) - maximum 250 slot machines, and if available up to 100 test slot machines;
c) Red Deer (Westerner Days) - maximum 75 slot machines;
d) Lethbridge (Whoop Up Days) - maximum 75 slot machines;
e) Medicine Hat (Medicine Hat Stampede) - maximum 50 slot machines;
f) Grande Prairie (Grande Prairie Regional Exhibition) - maximum 50 slot machines;
g) Camrose (Camrose Jamboree) - maximum 100 slot machines; and
h) Tsuu T'ina (PowWow Days) - maximum 100 slot machines.

A test slot machine is one that is authorized for use to determine customer acceptance and performance. Depending on the results, such slot machines may be introduced as part of the slot machine program in the province.

Racing Entertainment Centre Policies

The slot machine policies that affect Racing Entertainment Centres (RECs) are contained in the Racing Industry Renewal Initiative Agreement between the Commission and the REC operator, who must be a racetrack operator licensed by the Alberta Racing Corporation.

Under the agreement the operator is required to provide space for the slot machines, a variety of services and the appropriate utilities for the operation of slot machines (for example, power). The services to be provided include those related to security, handling of slot revenue and providing a cash float and keeping proper records as required. The operator is also required to report any slot machine malfunctions to the Commission.

For the space and services provided, the operator receives a commission of 15% of slot machine net revenue (gross revenue less prizes).

Hours of Operation

Casinos may operate within the maximum hours of 10 a.m. to 3 a.m. Casinos may operate slot machines for up to a maximum of 17 consecutive hours per day between those maximum hours, seven days per week. Casino facilities other than those in Edmonton and Calgary typically operate from 12 to 17 hours, seven days per week.

Racing entertainment centres may operate a maximum of 17 consecutive hours per day, between the hours of 10 a.m. to 3 a.m., up to seven days per week.

D. Current Situation Assessment

General

As of March 31, 2001, there were 4,353 slot machines in the province.

Table 12-2: Slot Machines Per Venue (as of March 31, 2001)

VENUE	LOCATION	NO. OF SLOT MACHINES
Palace Casino	Edmonton	271
Bacarrat Casino	Edmonton	284
Casino Edmonton	Edmonton	429
ABS Yellowhead Casino	Edmonton	600
CITY TOTAL	**Edmonton**	**1,584**
ABS Casino Calgary	Calgary	400
Stampede Casino	Calgary	158
Elbow River Inn Casino	Calgary	200
Silver Dollar Casino	Calgary	256
Cash Casino	Calgary	344
CITY TOTAL	**Calgary**	***1,358***
Cash Casino	Red Deer	142
Jackpot Casino	Red Deer	142
CITY TOTAL	**Red Deer**	**284**
Boomtown Casino	Fort McMurray	50
Great Northern Casino	Grande Prairie	181
Vanshaw Casino	Medicine Hat	200
Gold Dust Casino	St. Albert	204
ABS Casino	Lethbridge	180
SUBTOTAL	**All Casino Facilities in Alberta**	***4,041***
Edmonton Northlands (Racing Entertainment Centre)	Edmonton	250
Lethbridge Whoop-Up Downs (Racing Entertainment Centre)	Lethbridge	62
SUBTOTAL	**Racing Entertainment Centres**	**312**
TOTAL	**ALL VENUES**	**4,353**

The table above does not include the number of slot machines provided to the temporary summer fairs and exhibitions. The maximum number of slots that may be allocated to them is provided under “Current Slot Machine Policies” in this section.

Product Mix

Since the introduction of slot machines in January 1996, the slot product mix in the province has been expanded to include:

- nickel slots;
- multi-game video slots;
- slant top and mini-bertha cabinets;
- diverse themes;

- nudge and re-spin games;
- bonus schemes;
- sound effects;
- top awards of up to $25,000;
- progressive awards (awards have been as high as $725,000);
- merchandise prizes;
- bill acceptors; and
- other features.

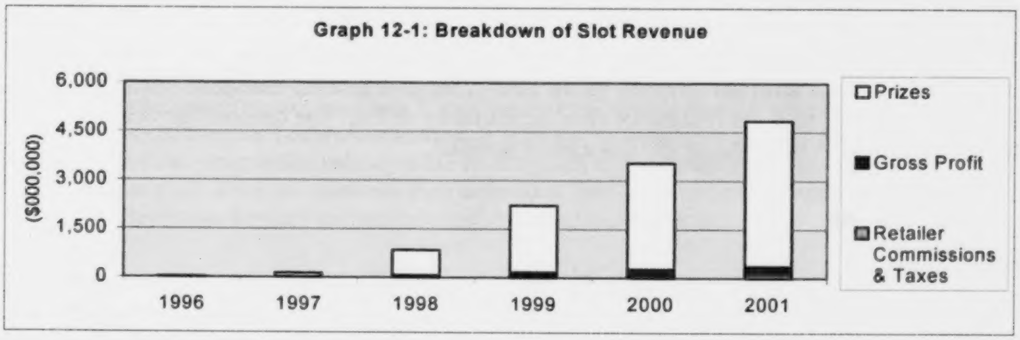
Revenue

In 2000-2001, slot machines generated revenues as follows: $252 million to the Alberta Lottery Fund, $53.7 million to charities that held casino events and $65.2 million in commissions to slot machine retailers, that is, licensed casino facilities and racing entertainment centres.

Chart 12-1: Gaming Revenue from Slot Machines

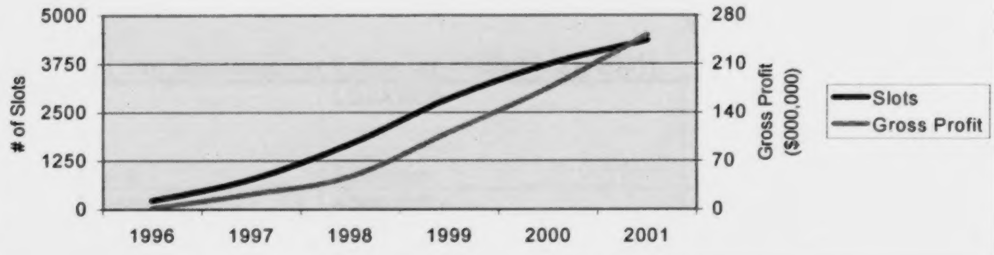
	1996	1997	1998	1999	2000	2001	Totals
	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)
Revenue							
Slots	25	121	846	2,227	3,546	4,842	11,607
Cost of Goods Sold (COGS)							
Prizes	23	99	768	2,051	3,275	4,467	10,683
Retailer Commissions & Taxes			31	65	96	123	315
Total COGS	23	99	799	2,116	3,371	4,590	10,998
Gross Profit	2	22	47	111	175	252	609
Net to Alberta Lottery Fund	2	22	47	111	175	252	609

Among gaming activities conducted and managed by government, slot machines have contributed the greatest increase in net revenues over the past few years.


Graph 12-1: Breakdown of Slot Revenue

For example, net revenue from slot machines (after prizes and expenses) increased to $252 million in 2000-01 from $111 million in 1998-99, an increase of 127%. By comparison, VLT net revenue increased by just more than 13% over the same period, to $574 million from $508 million.

Graph 12-2: Slot Revenue and Terminal Count



Revenue Projections

Net revenue from slot machines in 2000-01 are expected to exceed budget forecasts by 9%.

The Commission anticipates slot machines will generate net revenue of $395.2 million in 2001-02, an increase of 19% over the budgeted slot net revenue of $331.6 million in 2000-01.

As compared to the 2000-01 budgeted net revenues from slot machines, charitable casinos are projected to experience increases in net revenue from slot machines in 2001-02 as follows: Edmonton casino market 26.9%, Calgary casino market 21.7%, rural casino market 21.2%. The net revenue from the two racing entertainment centres is forecast to decline by 7.6% in 2001-02 over the budgeted sales figures for 2000-01.

In fiscal year 2001, summer fairs and exhibitions earned $1.1 million in commissions from slot machines and the same amount from table games.

Market Potential

The Commission has not conducted a formal study into the market potential for slot machine gaming in the province. However, in the past few years total slot revenue has continued to grow at a pace consistent with the rate at which they are installed. In other words, each additional slot machine generated incremental or new sales. As casinos in the province expanded from 1997 to 1999, the average net sales per terminal for all slots in the province has remained relatively stable, yet during this same time the number of slots increased by 173%. The demand for slots has remained constant even as the supply has almost doubled.

E. Landscape of other Provinces

All the jurisdictions in Canada that operate slot machines do so in conjunction with their casino or racing programs.

Slot Machine Revenues and Player Participation Continues to Increase

According to Statistics Canada, the percentage of households in Canada that spent money on at least one gambling activity dropped to 77% in 1998 from 82% in 1996. This participation decreased in provincial lotteries (to 68% from 74%); non-government lotteries, raffles, and other games of chance (to 34% from 39%) and bingos (to 10% from 12%). Only participation in casino slot machines and VLT activity increased (to 20% from 17%).

Despite the decreased participation rates, average expenditures for all types of gaming increased. Slot machines and VLTs led with increases in average expenditures for participating households, to $430 in 1998 from $360 in 1996, an increase of 19%. According to the survey, Alberta had the highest average expenditures in this activity at $685 for participating households, whereas Quebec had the lowest at $240 (Statistics Canada, "Update on Gambling," *Perspectives*, Spring 2000 issue).

Provincial Government Policy is Paramount

Provincial governments are responsible for the conduct and management of all slot machine gaming activities in Canada. The *Criminal Code* states they are the exclusive domain of provincial governments. Each provincial jurisdiction has taken its own approach to slot machine availability.

For example, in British Columbia the Union of British Columbia Municipalities (UBCM) and some local governments passed bylaws prohibiting the installation of slot machines within their boundaries. Since then, the policy dispute was resolved through a Memorandum of Understanding with the UBCM in which local governments were given the right to approve the introduction of slot machines, obtain a share of the proceeds (10%) from gaming within their boundaries and affirm their authority with respect to zoning and development permits.

The B.C. Ministry of Labour's commissioned report *Relocation of, and Changes to, Existing Gaming Facilities in British Columbia* (Meekison, 2000) states:

> While it appears that the faultline between the province and municipalities has disappeared, it may be only temporary because the Lottery Corporation may cause municipalities to review their policies governing slot machines. If a particular municipality does not want slot machines within its boundaries, the Lottery Corporation, in fulfilling its mandate to maximize revenues for the provincial government, believes it has an obligation to pursue the relocation of casinos to municipalities that are more receptive to the idea. This carrot and stick position may lead to further strains between the province and individual municipalities.

The following table, which gives an overview of the slot machine activities in the other provinces, closely resembles the landscape of casino gaming in the provinces (see the separate section "Casino Gaming").

Table 12-3: Landscape of Slot Machine Operations in Other Provinces – at March 31, 2000

JURISDICTION	NO. OF SLOTS / SITES	DIVISION OF REVENUE	COMMENTS
British Columbia Conducted & Managed by: British Columbia Lottery Corporation. Regulated by: Gaming Policy Secretariat.	18 Sites 2 destination casinos 16 community casinos 2,399 Slots 524 destination 1,875 community 'Stepper reel' is the only type of slot authorized for use in BC.	25% slot win to operator 75% to BCLC Up to an additional 3% of slot win can go to the operator for facility development based on an approved plan being in place.	Progressive slots are prohibited. Installation of slots at horse racing facilities is prohibited; however a casino may relocate to a racetrack if requirements are met (including approval of host municipality) and if horse racing remains the primary function. Slot cap of 7,200 based on 300 slot maximum at 24 casinos (18 existing – 6 pending destination casinos).
Alberta Conducted & Managed by: Alberta Gaming and Liquor Commission. Regulated by: Same.	18 Sites 16 casinos 2 racing entertainment centres **4,353 slots** **4,040** casino 312 racing entertainment centres	Charitable casinos 15% charity 15% siteholder 70% Alberta Lottery Fund Racing Ent. Centres 15% REC operator 85% Alberta Lottery Fund	January 2001- gov't announced First Nations gaming policy allowing for on-reserve casinos. No slot cap.
Saskatchewan Conducted & Managed by: Saskatchewan Gaming Corporation (Casino Regina only) and Saskatchewan Indian Gaming Authority. Regulated by: Saskatchewan Liquor and Gaming Authority.	5 sites 1 commercial casino 4 First Nations commercial 1240 Slots 620 Casino Regina 620 First Nations	Commercial 50% SK Gen. Revenue 25% First Nations Fund 25% Associated Entities Fund First Nations 37.5% SK Gov't 37.5% First Nations 25% Associated Entities Fund	Minimum age: 19 Current government policy - no expansion of electronic gaming. Slots are at casinos only. Saskatchewan Gaming Corporation – a crown corporation - owns its slots. First Nations slots are owned by SLGA and operated under contract by Saskatchewan Indian Gaming Authority (SIGA). No slot cap.

JURISDICTION	NO. OF SLOTS / SITES	DIVISION OF REVENUE	COMMENTS
Manitoba Conducted & Managed by: Manitoba Lottery Corporation. Regulated by: Manitoba Gaming Control Commission.	2 Sites 2 commercial casinos 1,231 Slots	100% MLC	Located at casinos only. No slot cap.
Ontario Conducted & Managed by: Ontario Lottery and Gaming Corporation. Regulated by: Alcohol and Gaming Commission of Ontario.	20 Sites: 3 commercial casinos 5 charity casinos 12 racetracks Slots 8,078 commercial 900** charity 7,064 racetrack Number of slots at racetracks ranges from 325 at Sudbury to 1,700 at Woodbine.	Commercial 100% OLGC* Net profits from Casino Rama are shared among 134 First Nations groups. Charity Casinos Charity receives 100% of net proceeds. Host local gov't receives 5% gross slot revenue. Slots 20% Racetrack 80% OLGC Host local gov't receives 5% gross slot revenue + 2% of every slot over 450.	Minimum age: 18 1999-2000 Revenue Commercial: $1.5 billion Racetrack: $362.5 million* *Only 9 racetracks operated for full year of Fiscal 2000. ** Only 2 charity casinos operated for full year of Fiscal 2000. June 2000 – Ontario government announces 3-year freeze on expansion of new charity and commercial casinos, and charity racetracks.
Quebec Conducted & Managed by: Loto-Quebec. Regulated by: RACJ.	3 Sites 3 commercial casinos 5,185 Slots 3000 Casino de Montreal 1410 Casino de Hull 775 Casino de Charlevoix.	100% Loto-Quebec	Minimum age: 18 Located at casinos only. No slot cap.
Nova Scotia Conducted & Managed by: Nova Scotia Gaming Corporation. Regulated & Licensed by: Nova Scotia Alcohol and Gaming Authority.	2 Sites 2 commercial casinos 1000 Slots 650 Halifax 350 Sydney	100% NS Gaming Corp.	Minimum age: 19 Located at casinos only. No slot cap.
New Brunswick	No slots.	N/A	N/A
Prince Edward Island	No slots.	N/A	N/A

JURISDICTION	NO. OF SLOTS / SITES	DIVISION OF REVENUE	COMMENTS
Yukon	No slots.	N/A	N/A
Northwest Territories	No slots.	N/A	N/A
Nunavut	No slots.	N/A	N/A

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, including both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on slot gaming.

The review process also included a review of gaming-related literature gathered from jurisdictions around the world. A few key sources are described here.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.
- *Landscape*- The perspectives in a number of other jurisdictions.

Public

In May 2000, during the licensing policy review, the views and perspectives of adult Albertans were sought through public opinion research.

The research shows Albertans tend to view slot machine gaming as a harder form of gambling. More than half of Albertans believe it is up to each individual to control his or her own gambling.

More than half of the public also indicated they are not well informed about where proceeds from gaming go.

The top four areas identified by respondents as deserving of gaming proceeds in general were charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). Other areas each received less than 15% support.

More than half of respondents indicated their main source of information about where proceeds go is the newspaper.

About 58% of adult Albertans supported the current level of availability of slot machines at local casinos, close to 38% indicated they would like them to be made less accessible at local casinos and 4% more available.

Respondents indicated clearly players should be able to play slots at resort casinos (93.9%) or local casino (92.4%). A majority also indicated they should be able to play them in a Native casino on reserve land (68.2%), in a gaming room in a hotel (65.2%), location devoted to video lottery terminals (VLTs) (62.9%) and bars and lounges (54.5%). Less than half indicated players should be able to play slot machines at a race track (46.2%) and at a bingo hall (38.2%).

Thirteen percent of respondents played slot machines at local casinos. Among those players, the average amount spent over the last month (when the public opinion research was undertaken) was approximately $152.50 for slot machines. In single play the average time spent by players on slot machines was one hour and they spent an average of approximately $39.75.

The preferred places to play slots for players, if slot machines were to be available in all the various venues, would be the local casino (84.4%), resort casino (70.9%), gaming room in a hotel (57.8%) and bars and lounges (54.6%). In addition, 42.2% said they would play slots at a First Nations casino on reserve land, 32.1% would play them at race tracks and 17.4% at bingo halls.

Sixty-seven percent of slot players indicated slots have not affected their overall spending on gaming, while 24% indicated their spending has increased. More than 80% said slots have not affected their spending on other games, such as casino table games, bingo, horse race betting, instant tickets or lottery tickets and VLTs.

Almost 70% of slot players prefer just slots, not table games; 22% enjoy both of those activities and 9% have no preference.

Of casino players, about 83% said they would definitely or probably play regular slot machines when they visit a casino. Close to half indicated they definitely would play them and a little more than one-third indicated they would probably play.

For respondents, the ideal features in gaming facilities of any kind are security and a clean, modern environment. Other features also rated highly were spacious surroundings, convenient parking, easily identifiable staff and non-smoking sections.

Stakeholders

Consultation with stakeholders occurred during the Gaming Licensing Policy Review. During September and October 2000, facilitated interviews and discussions occurred with stakeholder groups throughout Alberta. In addition, representative telephone surveys were conducted involving more than 600 representatives of charitable organizations. Three hundred industry workers involved with bingo and casino were also surveyed for their views.

Integrity of gaming is a common interest. Stakeholders feel the Commission has been professional and acts with integrity. None called into question the Commission's own integrity, even though they may have been opposed to some policy decisions of the Commission.

Stakeholders generally desire a level playing field, where everyone knows the rules, and there is fair opportunity to participate.

There is a wide range of knowledge among stakeholders about where the proceeds from gaming go and how they are used. Many want to see more money spent informing people about how proceeds are used.

Few suggestions were made to improve rules and regulations. Many stakeholders expressed an interest in providing more input during the development of policies.

As to social responsibility, some stakeholders feel the Commission (and the media) overstates the problems associated with gambling, and should allow the marketplace to determine growth. Other stakeholders feel the Commission understates the problem and should further restrict gaming activities. Those who favour expansion of gaming activities indicated the Commission should be more proactive in communicating the benefits to the province from gaming. Other stakeholders feel not enough attention has been paid to the costs and more needs to be done to assess the net impact of gaming in the province, including additional funding to address the negative aspects.

Industry Stakeholders

Most charities believe access to gambling is well controlled and regulated and rules have been consistently enforced. A minority believe more types of gambling should be permitted in the province.

Charities felt a better job could be done to communicate the benefits of gaming. Communicating with the gaming industry could also be improved upon.

The views of gaming workers in casino and bingo, for the most part, reflected similar views to those of charitable groups as discussed above.

About 60% of both gaming workers and charities believe the availability of slot machines should remain the same, consistent with the view of most Albertans. About one-quarter of charities believed they should be less available and 21% of workers held this view. About 17% of workers and 12% of charities felt slot machines should be made more available.

A gaming industry representative felt aging gaming equipment has to be replaced more quickly. As well, levels of technical support service should be improved, a view expressed by other stakeholders involved in slot machine gaming. It was felt input should be sought by the Commission prior to finalizing the gaming licensing policy review.

Casino facility operators are of the opinion current casino facilities are already capturing 80% of the market potential in their trade areas. They have indicated more opportunity exists for casino growth in Calgary than in Edmonton.

Bingo and horse racing stakeholders felt there was unfair competition from casinos, from video lottery terminals (VLTs) and slot machines approved by the Commission.

Bingo stakeholders desire a plan for gaming development rather than what they perceive as an ad hoc approach to bingo. They feel they compete for the same player and nickel slot machine players are also bingo players. To compete they feel there is a need to introduce electronic bingo, keno and slot machines in bingo halls. It was felt by some bingo stakeholders since licensed bingo facilities are entertainment facilities, they should be permitted to offer a variety of games to customers and with fewer restrictions.

At the same time, both bingo and horse racing representatives want to see a better differentiation of gaming products being offered, to distinguish among them. For example, it was felt racing entertainment centres should have exclusivity to the electronic horse race games, which also are found in casinos.

Major exhibitions indicated they pioneered gaming in the province through horse racing and their other early involvement in ticket lotteries and casino gaming. A priority was to obtain more funding from the Alberta Lottery Fund.

A representative of one major exhibition indicated more slot machines are needed to help revitalize the horse racing industry. A better mix of games and analysis is also needed. A representative of another major exhibition echoed that view, indicating more attention needs to be paid to the growth in demand at racing entertainment centres and ways to benefit or stimulate live horse racing.

Municipalities and Police Services

A representative of a municipal association felt there needs to be more equitable access to gaming funds by smaller communities in the province, for example, by rural charities having more access to the proceeds (slot and table games) at larger urban casinos.

A municipal representative believes as gaming grows, more attention is needed to ensure its integrity and security. The representative felt gaming should be available through dedicated gaming venues such as casinos.

Police services felt the Commission has done a good job in regulating gaming in the province. Nevertheless, they did have some issues. It was felt a balancing of social responsibility and growth of gaming is required. One police service representative felt a full cost benefit analysis would be appropriate. The representative was not aware that the Alberta Gaming and Research Institute was formed for that purpose. A police service representative expressed the view larger crowds visiting casinos could result in problems such as "inevitable" fighting and increased work for police.

Another representative wondered whether police should be directly involved with policing in casinos. Preventing crime and addressing criminal activities through joint forces with the Commission was suggested as a possibility. This was a common suggestion of most police services and also suggested by an official with the provincial Justice department.

Service Agencies and Advocacy Foundation

One public advocacy foundation believes an organization such as the Commission is bound to be biased in its decisions when it generates so much revenue from gaming. Even so, the foundation believes the Commission is doing a good job balancing the public and special interests. It also believes the Commission is doing better than other jurisdictions in the area of consultation.

On a more general note, the foundation felt the Commission should produce more information on the state of gaming in the province. It was felt a detailed information report, for example, would help in discussions related to First Nations casinos and how government wants to equitably and responsibly develop those casinos.

A representative of a problem gambling treatment agency saw as an issue the role of the Commission as "promoter, regulator and profiteer from gaming." The representative felt there would be concerns if First Nations were to be designated both as the charity and casino facility licensees of on-reserve casinos. The agency felt Alberta could do more to fund education, prevention and treatment programs. The agency hopes some funds will be dedicated to address First Nations problem gambling, believing there is potential for increased problem gambling among First Nations people with the introduction of on-reserve casinos. Such funding should be tied in with current problem gambling programs rather than be operated parallel to them.

The agency expects new games will continue to be demanded to satisfy consumer demands, particularly those of baby boomers who like change.

A compulsive gambling foundation said a key concern is obtaining more funding to detect problem gambling behaviour among Albertans and for treatment. The foundation felt more funds could be provided through the province's gambling treatment agency. A similar view was provided by a service agency representative, who believed more needs to be put into programs for families. Government should continue to ensure gaming is responsibly managed.

Landscape

See "Landscape of Other Provinces" in this section for more details about the policies and activities related to slot machine gaming in other Canadian provinces.

The regulatory environments for gaming between Canada and other jurisdictions differ. In some respects they may differ significantly. In any case, it is worth examining or considering the events and activities occurring internationally to compare gaming activities, issues and developments.

U.S. Experience

Much of the information provided in this landscape information is drawn from a report of the U.S. National Gambling Impact Study Commission. The commission was appointed by the federal government of the United States to examine the impact of gambling across the U.S. Its task involved research, study and consultation over two years. The commission issued its report with findings and recommendations in June 1999.

Overall, traditional slot machines are primarily located in state licensed casinos. However, "convenience gaming" or "retail gaming" are terms that have been used to describe legal stand-alone slot machines, video poker, video keno and other electronic gaming devices located in bars and lounges, convenience stores, truck stops, riverboats and other locations in various states.

The report of the Commission noted:

> Stand-alone EGDs (electronic gaming devices, or slot machines) are seldom well regulated outside of Nevada. Because EGDs can be placed in a wide variety of locations, they can be difficult to monitor.

It also mentions:

> In Nevada, slot machines can be found in many public locations, including airports and supermarkets. Locations with non-gambling casino licenses may operate a maximum of 15 devices. ...Montana was the first state after Nevada to legalize stand-alone EGDs specifically video poker in bars. In California, video keno operated by the state lottery can be found in most traditional lottery outlets and in many other locations as well.

Illegal and quasi-illegal EGDs, otherwise known as "gray machines," are also present in most states.

> The exact number of gray machines available has not been accurately measured, but there are estimates for some states. For example, in West Virginia, there are approximately 15,000 to 30,000 gray machines. In New Jersey, it is estimated that there are at least 10,000 machines. The Alabama Bureau of Investigation estimated there were 10,000 illegal EGDs across that state in 1993. Illinois is estimated to have 65,000.

State gaming regulators have also been pressured by gaming industry officials to allow electronic gaming devices or slot machines in non-casino gaming venues such as racetracks and bingo halls. These gaming industry officials argued that the expansion of other forms of gaming was making it difficult for them to compete. In response, the National Gambling Impact Study Commission recommended:

> ... states should refuse to allow the introduction of casino-style gambling into pari-mutuel facilities for the primary purpose of saving a pari-mutuel facility that the market has determined no longer serves the community or for the purpose of competing with other forms of gaming.

The National Council Against Legalized Gambling notes efforts to legalize electronic gaming devices at pari-mutuel facilities have failed in twelve states since 1995.

Australia

Electronic gaming has proliferated throughout Australia, which has more electronic gaming devices per capita than any other jurisdiction in the world. An inquiry report, *Australia's Gambling Industries* (1999) issued by the country's Productivity Commission, states there were 184,526 electronic gaming devices located in 5,866 venues including bars and lounges, clubs, hotels and casinos generating a total expenditure of 5.9 billion. That equals 133 gaming machines per 10,000 adults in Australia compared to 29 gaming machines per 10,000 adults in the U.S. and 26 gaming machines per 10,000 adults in Canada. In these three countries the gaming machines and their play features are relatively similar.

Each Australian state or territory is responsible for the regulation of gaming within its borders. However, in some cases private operators are licensed to own or operate gaming machines within imposed guidelines and restrictions.

With the exception of Western Australia, all other states have legalized electronic gaming devices or slot machines to some extent. Most states or territories have instituted some type of cap on the number and availability of electronic gaming devices. In some cases, these caps have not been binding. Examples of statewide caps include caps on the number of machines in the state and/or caps on the number of machines per facility.

Until recently, most states were below these caps, however as they approach the maximum limits imposed, performance monitoring has been used to ensure the effective utilization of electronic gaming devices.

> Where decisions on the allocation of machines is determined centrally so as to maximize revenue – as in Victoria – the introduction of a binding state cap would tend to lead to the reallocation of machines to venues with higher capacity utilisation. Both Tabcorp and Tattersall's have acknowledged that their practice of reallocating machines away from lower-performing venues is partly a commercial response to the cap on total gaming machine numbers permitted in the state (Productivity Commission Inquiry Report, *Australia's Gambling Industries* -1999).

However, the Productivity Commission suggests statewide caps on the number of gaming machines is less effective than venue caps as a harm minimization strategy.

G. Primary Issues and Recommendations

Assessing Proposed Casino Policy Recommendations

The process of arriving at recommended slot machine policies was comprehensive, involving a number of steps.

The first step was to arrive at an initial assessment of current slot machine policies within the gaming licensing policy framework. Are slot machine policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about slot machine policies and gaming in Alberta generally. Information was also gathered about slot gaming activities occurring in other jurisdictions to compare issues, policies and developments.

That step was followed by an intensive review of public and stakeholder perspectives and findings from other jurisdictions, and assessing options to address slot gaming in Alberta over at least the next five years.

As policy strategies took shape, the following question was asked: How well does a proposed policy strategy measure up to the key elements of the province's licensing policy framework?

For example, the questions asked included:

- Does a proposed slot policy strategy meet the requirements of the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta)?
- Is it consistent with government's broad policies for gaming?
- Is the proposed strategy consistent with government's policies that specifically address slot gaming?
- Does it fit within the objectives and goals of the Ministry's three-year business plan?

Only policy strategies that met the key elements of the policy framework would be considered further.

Following from that step, various recommended policies for slot gaming in Alberta were developed.

Primary Issues

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a number of primary issues regarding slot policies. The primary issues and their respective recommendations appear under the following five topics.

A. PUBLIC INTEREST, SOCIAL RESPONSIBILITY

Albertans expect the government to manage and control gaming activities in a socially responsible manner, with regard for the problems some people may have with their gambling.

POLICY POSITION:

1. Manage electronic gaming devices in a socially responsible manner.

Electronic gaming is viewed as a harder form of gaming and many Albertans associate it with problem gambling. The government is expected to strike the proper balance between meeting consumer demands and addressing issues related to problem gambling.

Among other problem gambling initiatives, the Commission requires by policy that slot retailers post and make available information about problem gambling programs to their customers. That includes a toll-free number people may call to access problem gambling counseling and treatment services through the Alberta Alcohol and Drug Abuse Commission (AADAC). As well, the Commission, in cooperation with casino facility licensees, launched the Casino Voluntary Self-Exclusion Program in September 2000. Under this program individuals voluntarily request they be denied entry to any casino in Alberta.

A few general recommendations have been made in the area of social responsibility that apply to slot gaming. They include incorporating responsible gaming features in new or replaced slot machines, controlling access to automatic teller machines and compulsory problem gambling awareness training for retailers of electronic gaming devices such as slot machines and their staff. See the recommendations under "Public Interest, Social Responsibility," in the section "Gaming in General."

SLOT MACHINES RECOMMENDATION - 1

- **Slot machines must only be permitted in charitable gaming facilities during licensed charitable events and in racing entertainment centres. These facilities must restrict access to those of legal age.**
  Comment - Any facility that offers slot machines must restrict access to those of legal age. This is consistent with the current practice for casinos, racing entertainment centres and summer fairs that are authorized to operate slot machines.

B. ELIGIBILITY

Slot machines are restricted to licensed casino facilities, racing entertainment centres at racetracks and during specific authorized temporary events such as summer fairs and exhibitions.

Interest has been expressed to offer electronic gaming in other facilities or premises where other gaming activities are being provided. For example, bingo associations have expressed a strong desire to offer slot gaming in their bingo facilities to raise additional funds for charitable groups and to compete with electronic games in casinos and in bars and lounges.

Similar interest has been expressed by hotels in proposed hotel games rooms. Requests have also been received by the Commission from associations that are not classified as major exhibitions.

Under the *Criminal Code*, slot machines must be conducted and managed by the provincial government. The Commission, as an agent of the government, must determine how best to allocate electronic gaming devices, which include slot machines. The Commission is expected to be a responsible steward of the assets entrusted to it and to manage and control gaming activities in a socially responsible manner.

POLICY POSITION:

1. **Restrict slot machines to charitable casino facilities during licensed charitable events and racing entertainment centres.**

   This policy position is consistent with Albertans' view "harder" forms of gambling should only be available in facilities dedicated to gaming and that restrict access to those of legal age. Moreover, many Albertans prefer facilities to be safe and clean, modern environments.

SLOT MACHINES RECOMMENDATION – 2

- **Establish stringent standards for the facilities in which slot machines are to be authorized.**
  Comment - The facilities in which slot machines may be authorized should meet stringent standards to offer players a quality gaming experience and to provide acceptable financial controls and security for the integrity of slot gaming. The facilities must be dedicated to gaming.

SLOT MACHINES RECOMMENDATION - 3

- **Continue the summer fair slot program.**
  Comment - The Commission will continue to review requests from fairs and exhibitions for slot machines to their annual event. In arriving at its decision the Commission will examine the availability of slot machines, the market potential of slots at the summer fair and the labour costs to transport, install and maintain them during the summer fair.

C. AVAILABILITY, ACCESSIBILITY, EXPANSION, NETWORK ACTIVITIES

Albertans expect the government manages and controls gaming activities in a socially responsible manner. For most Albertans gaming is a form of leisure activity or entertainment. Most Albertans have indicated the current level of slot machine availability should remain the same.

POLICY POSITION:

1. **The number of slot machines allocated to a licensed gaming facility will be based on a sound business case, to ensure the returns are maximized for the benefit of charitable, non-profit, public and community-based initiatives.**

Through the appropriate policies, procedures and processes the Commission is committed to ensuring the return to charitable groups and the Alberta Lottery Fund from gaming activities are maximized.

SLOT MACHINES RECOMMENDATION – 4

- **The availability of slot machines and diversity of the product mix in an authorized gaming facility should correspond to player demand and facility capacity.**
  Comment - Two key criteria in determining how many slot machines to allocate to an authorized gaming facility are the demand by players for slot gaming and the space available in a facility for slot machines.

SLOT MACHINES RECOMMENDATION - 5

- **Optimize the distribution of slot machines and product mix through performance monitoring.**
  There is a strong demand for additional slots from casino facility licensees and the racetrack operators who are slot retailers. One effective, objective and transparent way to allocate slots is through performance monitoring. Performance monitoring allows the Commission, on an ongoing basis, to review the demand or sales in each location. Based on specific criteria, slots would be re-allocated from locations with lesser demand or poorer sales to those experiencing greater demand or higher sales. The aim is to maximize benefits to charities and the Alberta Lottery Fund.

D. REVENUE DIVISION

In casino events held in permanent licensed casino facilities the net revenue from slot machines is divided among the charities holding casino events (15% commission from the slot operation during their licensed casino event), the operator (15% commission for slot customer services and facility space) and the Alberta Lottery Fund (70%).

POLICY POSITION:

1. **Ensure that the financial benefit to charities from slot machines is maximized.**

During their casino events, charities earn proceeds from casino table games (refer to the section "Casino Gaming"). Charities also obtain a commission of 15% of the net revenue from slot machines during their casino events.

SLOT MACHINES RECOMMENDATION - 6

- **Amend the *Gaming and Liquor Act* to explicitly permit charities to receive commissions from slot machines.**
  Comment - Casinos are a charitable gaming activity that fall under the province's charitable gaming model, to which the government is committed. It is a guiding principle of the Commission the financial return to eligible charities from gaming events be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs or activities are undertaken.

The current practice of providing to charities holding a casino event a share of slot machine revenue generated during the event is consistent both with the province's charitable gaming model and the Commission's guiding principle related to charitable gaming. The Auditor General has expressed the view the net revenue from slots being paid to charities should instead be placed in the Alberta Lottery Fund and disbursed by the provincial legislature. The commission to charities from slots is viewed by the Commission as an appropriate and reasonable payment for the operation of slots during charities' casino events. It is recommended the province's *Gaming and Liquor Act* be amended to so the current practice in this regard may be continued.

E. TECHNOLOGY

Technology is an important consideration in gaming activities. What specific considerations must be given for new or upgraded gaming technologies or for the security of gaming activities?

POLICY POSITION:

1. **The Commission is responsible for managing provincial lotteries, including slot machines, in a sound business manner while ensuring their integrity and delivery in a socially responsible manner.**

What criteria should be used to determine the number of slot machines to allocate to eligible facilities, the mix of slot games and whether expansion of the current number of slots in a facility should be considered? Currently slot machines are allocated only to dedicated, age-controlled gaming facilities based on customer demand and performance. Slot retailers continue to request more slot machines and of different types (a different mix of slot machines in their locations). As recommended in this report, any major expansion in a licensed gaming facility should require the prior consent of the community in which the expansion is proposed (see the recommendations under "Accessibility, Availability and Expansion of Licensed Gaming Facilities" in the section "Gaming in General").

SLOT MACHINES RECOMMENDATION - 7

- **Through the business planning process, develop clear policies for the systematic upgrading or replacement of terminals and central computer system equipment.**
  Comment - Casino facility licensees regularly approach the Commission to introduce new slot machine games or technology. The industry average standard for the average life of a slot machine is five to seven years. Criteria should be established or clarified through the annual business planning process for replacing or upgrading old technologies with new ones, including a requirement for responsible gaming features in slot machines.

SLOT MACHINES RECOMMENDATION - 8

- **Use technology more effectively to improve security regarding slot machines.**

  Comment - The Commission must establish high standards for monitoring the slot floor. Technology is invaluable in this regard. Such technology includes the surveillance camera, an effective tool for the security of gaming activities, both for the prevention of criminal activity and, through taped recordings, by providing important evidence to resolve incidents involving slots.

TICKET

TICKET LOTTERIES

Contents

A. Introduction
B. Current Ticket Lottery Policies
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A. Introduction

Ticket lotteries are provincial lottery schemes. They include Lotto 6/49, Scratch 'n Win, The Plus, Sport Select, Super 7, Pick 3, Extra, Western 649 and Special Event ticket lotteries.

In Alberta, lottery tickets are sold through approximately 2,006 retail sites across the province, including convenience retail outlets, shopping mall kiosks, drug stores and retail gas outlets.

This section discusses the background to ticket lotteries in the province. It provides key information related to current ticket lottery policies and an assessment of the current situation regarding ticket lotteries in the province.

Also provided in this section are highlights of some key views and perspectives of adult Albertans regarding ticket lotteries, as obtained through public opinion research. The perspectives of stakeholders, obtained through consultations with them during the Gaming Licensing Policy Review, are also provided. An overview of findings from other provincial jurisdictions is included. This section concludes with comments about the general result of the licensing policy review respecting ticket lotteries.

B. Background

Ticket lotteries are provincial lottery schemes. They include Lotto 6/49, Scratch 'n Win, The Plus, Sport Select, Super 7, Pick 3, Extra, Western 649 and Special Event ticket lotteries. Ticket lotteries are played by 69% of adults in Alberta, more than any other gaming activity.

In Alberta, lottery tickets are sold through approximately 2,006 retail sites across the province, including convenience retail outlets, shopping mall kiosks, drug stores and retail gas outlets. Each retailer is authorized to sell the tickets under an agreement with the Alberta Gaming and Liquor Commission and Western Canada Lottery Corporation (WCLC).

The WCLC conducts and manages ticket lotteries on behalf of the member provincial governments of Alberta, Saskatchewan and Manitoba. Associate members of the WCLC are the Yukon Territory, Northwest Territories and Nunavut. The WCLC is also the regional marketing organization of the Interprovincial Lottery Corporation, incorporated to conduct and manage national lottery schemes on behalf of all provinces.

In Alberta, the WCLC owns all the ticket lottery terminals; selects, designs and prints Scratch'n Win tickets; markets ticket lottery products and conducts advertising and promotions for ticket lotteries.

The Commission authorizes lottery ticket retailers through retailer agreements, installs and maintains the ticket lottery terminals in the provincial ticket lottery network, conducts retailer training and regularly communicates with retailers about the ticket lottery program.

Net revenue from the sale of lottery tickets is placed in the Alberta Lottery Fund to support not-for-profit community projects, including those funded through the 88 Community Lottery Boards and the Community Facility Enhancement Program (CFEP).

In 2000-01, ticket lotteries generated gross sales of $394 million. Prizes amounted to $198 million, or approximately 50% of gross sales. The Alberta Lottery Fund received $161 million. Retailers earned commissions of $27 million and taxes and payments to the federal government amounted to $10 million. The operating costs of the WCLC are shared among member provinces. Alberta's share of the operating costs was $20 million for the fiscal year.

General Operations

Ticket lotteries are authorized under the *Criminal Code* (Canada) and the *Gaming and Liquor Act* (Alberta). The *Gaming and Liquor Act* (Alberta) authorizes the Commission to conduct and manage provincial lotteries.

Ticket lotteries are of two general types, those offered on-line and those which are not (off-line).

On-line ticket lotteries refers to those lottery products delivered through a central computer system operated by the WCLC. For this purpose, the authorized retailers who offer on-line products use a WCLC lottery ticket terminal that is installed in the retailer location by the Commission. The terminal issues, prints and validates lottery tickets and is connected by a secure dedicated communications network to a central computer system. The central computer system itself records lottery transactions.

Off-line lottery products are Scratch 'n Win tickets, in which prizes are determined immediately after the customer has played the ticket. Those do not require the use of on-line lottery technology, apart from validating all winning tickets through the use of the ticket terminal.

Prizes from ticket lotteries are awarded in one of three ways, depending on the ticket lottery.

(a) *Based on randomly selected numbers corresponding to the ticket lottery game* - This applies to all on-line lottery tickets except for sports draft ticket lotteries. The prize amount is either determined by the number of lottery tickets sold (pari-mutuel) or through established prizes for obtaining a certain winning combination or result on the purchase ticket. Such ticket lotteries are all on-line games and include Lotto 6/49, Western 649, Super 7, The Plus, Pick 3 and Extra (The Plus and Extra are "spiel games," which are on-line lottery games attached to games such as 6/49 and Super 7 Spiel games are not sold on their own).

(b) *Immediately after the purchase and playing of a winning ticket* - That is, Scratch'n Win tickets, which reveal whether or not the purchaser has won a prize immediately after scratching away the surface which conceals the outcome on the ticket.

(c) *Based on selections in a sports lottery* - The winning prize amounts in these on-line games depends upon how many sporting events are wagered upon by the player, the amount wagered and the number of correctly chosen outcomes. The odds are set by the WCLC. For example, wagers may be made on two to 12 sports games (for example, Point Spread), three to six games (for example, Pro-Line) or two to 10 games (for example, Over/Under). To win players must correctly predict the outcomes of all the sports games, except for Point Spread, in which winning categories include 9 out of 10, 10 out of 11, 10 out of 12 or 11 out of 12.

One ticket lottery combines the features of (a) and (b). The Celebration ticket lottery is offered during the Christmas season throughout the country. Players await the outcome of a random draw to determine if they have won a prize. They also have an opportunity to win instantly by playing a Scratch'n Win portion on the ticket lottery card.

The odds of winning a top prize varies and is based on the ticket lottery game. For example, two of the more popular games are Lotto 6/49 and Super 7. The odds of winning the top prize for Lotto 6/49 prize is 1 in 14 million; for Super 7 it is 1 in 21 million. The odds of winning any prize for those lottery games are 1 in 54 and 1 in 6 respectively.

Total prizes from ticket lotteries amount to approximately 50% of gross lottery ticket sales.

Historical Background

Prior to 1970, ticket lotteries or sweepstakes were operated exclusively by the federal government.

The provinces raised concerns regarding a national lottery conducted in the 1960s to help fund the Olympic games were to be held in Montreal in 1976. When the mayor of Montreal requested that the national lottery be continued due to cost overruns being experienced for the international athletic event, other provinces opposed its continuation.

That opposition led to discussions of provinces operating their own lotteries. The wishes of the provinces were realized when the federal government amended the *Criminal Code* in 1969 to authorize provincial lotteries. In 1970, Parliament enacted Section 190 (now 207) of the *Criminal Code* which gave the right to the federal and provincial governments to operate lottery schemes individually or in cooperation with each other.

1970s

Starting in 1970, the Calgary Stampede and Edmonton Exhibition inaugurated major sweepstakes based on the Canadian Derby and the Stampede Futurity races. Net revenues were about $250,000 to each association per year.

The first provincial Minister Responsible for Lotteries, the Hon. Horst Schmid, was appointed in 1972.

From 1972 to 1973, the province participated with British Columbia, Saskatchewan and Manitoba in a study to create a Western Canada lottery. In May 1974, the Western Canada Lottery Foundation was formed by the provinces of Alberta, British Columbia, Saskatchewan and Manitoba.* That occurred under a licence granted by the provincial ministers responsible for the *Interprovincial Lottery Act*. Each provincial government was to designate a provincial marketing organization (PMO) to handle the sales in each province.

The Western Canada Lottery Foundation (Alberta Division), a partnership of the Edmonton Exhibition Association and Calgary Exhibition and Stampede Ltd., was established as the PMO for Alberta in June 1974. It served as an agent of the province. In that capacity it administered the sale and distribution of lottery tickets, to assist the Foundation as authorized by the provincial Minister responsible. The Alberta Division operated under the direction of an eight-person board comprising representatives from the two partners and the Government of Alberta.

Of the proceeds from the first annual ticket lottery licence, 5% was to be given to Sport Alberta, the Alberta Art Foundation and the Alberta Heritage Foundation. The remainder of the proceeds were divided as follows: 25% to the Calgary Stampede, 25% to the Edmonton Exhibition Association and 50% to the Commonwealth Games Foundation (a partner for three years pending the Commonwealth Games in Edmonton in 1978). The proceeds provided to the two exhibitions could only be spent on capital projects and capital debt.

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* The Western Canada Lottery Foundation was formed in 1974 by the provinces of British Columbia, Alberta, Saskatchewan and Manitoba. B.C. withdrew its membership on March 31, 1985, while the other provinces, and the associate members of the Yukon Territory and Northwest Territories, continued to operate together in the sale of lottery tickets. In 1985-86 the name Foundation was changed to Corporation to reflect more accurately the nature of its operation.

In 1974, the province's PMO combined the old distribution system—of the Calgary Exhibition and Stampede and the Edmonton Exhibition Association for sweepstakes lotteries—with volunteer sales agencies and mail order lists, which formed the ticket selling organization. The last sweepstakes operated by the Calgary Stampede and Edmonton Exhibition was conducted in 1974.

On June 21, 1974, the Western Canada Lottery Foundation issued the first ticket for sale in Western Canada. Tickets cost $2.50 each, in booklets of 12 tickets. Prizes ranged from $100 to $250,000.

The National Olympic lottery was added to the WCLC's activities to help defray costs of the 1976 Olympic Games. This lottery featured the first $10 ticket.

In 1975, the first bearer ticket,[1] The Western, was launched at $3 per ticket. Up to that time all lotteries operated under the "registered ticket system." The new system ensured full accountability of tickets.

The Western Express was introduced in 1976. Prizes ranged from $25 to $50,000. That year, with the introduction of the Western Express, the Alberta PMO began using commercial distributors in 10 territories within the province to distribute tickets to retailers.

The Interprovincial Lottery Corporation was formed in 1976, the result of an agreement between the western provinces and Ontario to launch the $5 Provincial, a new bimonthly lottery. Prizes ranged from $50 to $1 million.

In 1976, when the national Olympic lottery expired after the games, Loto Canada, a federal lottery agency, began operating.

In 1977, due to sales growth and the need to cover new market areas, the province's ticket lottery distribution system expanded to 15 territories as follows: rural 7, Calgary 4, and Edmonton 4. A special retailer program for charitable groups was introduced.

In 1978, the Commonwealth Games Foundation withdrew from the partnership in the Western Canada Lottery Foundation (Alberta Division), since the commitment to them of $2 million was fulfilled.

In 1979, under an agreement between the province and the federal government, the federal government withdrew from lotteries in Canada in return for payment of $24 million annually, indexed for inflation.[2] As a result Loto Canada was terminated. The Super Loto ticket was taken over by Western Canada Lottery Foundation.

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[1] Bearer tickets may be redeemed to the person who presents the ticket. This differs from raffles in which the purchasers' names and other information is recorded upon purchase of the raffle ticket and the prize winners are announced by name.

In 1979, a new special retailer program was introduced: the PMO matched commissions on a bonus basis to keep charitable groups involved in sales. That year the Northwest Territories joined the WCLC as an associate member.

1980s

Prize redemption went online in 1980. The $10 Super Loto ticket was launched.

In 1981, the number of distributorships in the province increased to 20 from 15 as follows: rural 7, Edmonton 7 (from 4) and Calgary 6 (from 4).

The Lotto 6/49 game was introduced as an on-line game on June 12, 1982. GTECH Corp. of Rhode Island supplied the central computer system and the ticket terminals for the launch of Lotto 6/49 (the terminals were called ticket issuing and validating machines, or TIVMs).

In June 1983, a lottery review and hearings were announced. The result of the review, announced the following year, was to allocate ticket lottery proceeds as follows: 15% to Calgary Stampede (up to $2.5 million), 15% to Edmonton Northlands (up to $2.5 million), 5% to the Wild Rose Foundation, 32.5% to cultural foundations and 32.5% to sports foundations.

In October 1983, a new retailer network was approved, consisting of three categories: Lottery Ticket Centre (on line), Full Off Line (off line) and Temporary, Incidental, Casual (off line).

Amendments to the *Criminal Code* in 1985 paved the way for provinces to introduce electronic gaming machines. In that year the provinces' contribution to the federal government increased by $100 million. Additional funds, earmarked for the federal consolidated revenue fund, would be paid by provincial governments in instalments over a three-year period. This raised the federal government share of lottery sales dollars to 5% from 3%.

B.C. withdrew its membership from the WCLC and established the British Columbia Lottery Corporation (BCLC) in 1985. That year, due to the popularity of Lotto 6/49, draws for this lottery were increased to twice per week, on Wednesday and Saturday.

In 1986, Alberta Lotteries was the name adopted for the province's PMO.

The WCLC launched the province's first $1 instant game called "Signs of Zodiac." The $7 million cap was removed from Lotto 6/49's Jackpot prizes due to maturity of the game and regularity of Jackpot wins.

The Plus, a new spiel game, was introduced to Western Canada on August 12, 1988. Spiel games are attached to an existing lottery game and cannot be played independently of the existing lottery game.

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[2] The federal government withdrew entirely from regulating gaming activities except for pari-mutuel betting on horse races, which it continues to regulate.

In 1989, Bill 10 was passed by the Government of Alberta, establishing the Lottery Fund. Alberta's net revenue from ticket lotteries was deposited into the Lottery Fund. Sports betting was under review.

In 1989, Lotto 6/49 offered a guaranteed minimum jackpot of $10 million per draw for a five-draw period.

1990s

In January 1990, the initial form of sports betting-gaming was underway at test locations in Edmonton and Calgary. Sport Select was introduced in 1990. Two games were offered, Pro Line and Excel Hockey.

In 1991, the federal government implemented the GST. The WCLC chose not to pass the 7% tax to lottery consumers and remitted the tax directly on behalf of retailers.

In 1991-92, all gaming-related agencies in the province fell under the responsibility of one provincial cabinet minister. The agencies included Alberta Lotteries, which conducted and managed provincial lotteries jointly with the Western Canada Lottery Corporation and the Alberta Gaming Commission. The agencies operated separately and reported to one minister until they were formally amalgamated with other entities, including the Alberta Liquor Control Board, under the new *Gaming and Liquor Act* in 1996.

In 1991, the provinces of Alberta, Manitoba and Saskatchewan signed a minister's agreement acknowledging the transfer of the WCLC's marketing division to Stettler, Alberta. That year sales began for POGO (Pick One, Get One).

In 1992, Bingo, a $2 instant ticket, was launched, as the first instant "staple" game (a basic ticket lottery game sold by all retailers) introduced by the WCLC to the lottery market. Alberta Lotteries took over video lottery terminal (VLT) management after a nine-month field test with the WCLC. The WCLC officially closed its ticket distribution depots located in Edmonton, Calgary, Winnipeg, Saskatoon and Regina. A computerized accounting system, On-Line Accounting (OLA), was implemented to track flow of tickets from printer to retailer.

The $5 Western Adventure ticket lottery, a regional instant ticket, was released in Alberta, the Yukon Territory and Northwest Territories.

Keno was introduced as a $2 instant game in 1993. The Western, a $1 instant game, was introduced.

In 1994, two online games, Super 7 and the spiel game called Extra, were launched.

In June 1996, marketing activities in the province were curtailed and advertising was reduced, as it was felt that advertising which demonstrated lifestyle enhancements was inappropriate.

In 1998, in response to a recommendation of the Lotteries and Gaming Summit '98, revenue to the Alberta Lottery Fund was allocated through the provincial legislature to specific initiatives and projects. None of the revenue is placed in the General Revenue Fund of the provincial government.

The Western 649, an online regional game with a top prize of $1 million, was launched in February 1999.

In 2000, the Commission entered into a new agreement with the WCLC which was expected to result in cost savings to the Commission of $2.2 million per year. This followed from an analysis by a private consultant to evaluate the province's membership in the WCLC.

The WCLC implemented a new on-line computer lottery system using SGI-NET system software from Scientific Games International in November 2000. The system replaced the old one, which was obsolete and inflexible. Providing added functionality, the system tracks ticket lottery games played, customer number picks and sales.

B. Current Ticket Lottery Policies

The policies for ticket lotteries are based upon the legal framework for ticket lotteries. That framework consists of the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta).

Gaming and Liquor Act (Alberta)

Section 1(1)(x) of the *Gaming and Liquor Act* defines a provincial lottery to mean:

> …a lottery scheme referred to in section 207(1)(a) of the *Criminal Code* (Canada) that the Government of Alberta is authorized to conduct and manage by itself or in conjunction with the government of another province;…

The legislation also states:

> No person, unless authorized by the [Alberta Gaming and Liquor] Commission, may make, sell, advertise or distribute lottery tickets with respect to a provincial lottery. (s. 45)

Retailers are authorized to sell lottery tickets under agreements with the Commission and the WCLC. These agreements are discussed further in this section.

For a detailed discussion of the legal requirements for lottery schemes such as ticket lotteries, see the appendix "Legislative Requirements and Considerations."

The WCLC, Commission and Retailers

As mentioned previously in this section, the WCLC conducts and manages ticket lotteries as agreed by member provincial governments, which are Alberta, Saskatchewan and Manitoba. The Yukon Territory, Northwest Territories and Nunavut are associate members. The WCLC is also a Regional Marketing Organization of the Interprovincial Lottery Corporation (ILC). ILC is incorporated and authorized to manage and conduct national lotteries. The head office of the WCLC is in Winnipeg and it operates its marketing division office in Stettler, Alberta.

Alberta is represented on the WCLC board of directors and the ILC board by members of the Commission board.

Ticket lottery retailers sell ticket lottery products to consumers in the province according to the terms in their agreement with the Commission and the WCLC.

The WCLC owns all the ticket lottery terminals; selects, designs and prints Scratch 'n Win tickets; markets ticket lottery products and conducts advertising and promotions for ticket lotteries. The WCLC operates the central on-line ticket lottery system in the province and through its information system accounts for the sale of tickets and revenue generated by them. The Commission provides suggestions and input to the WCLC on the ticket lottery products that may be suitable for sale in Alberta and on other aspects of marketing ticket lotteries.

The Commission authorizes and administers lottery ticket retailers through the retailer agreements with the retailer and the WCLC; installs and maintains the ticket lottery terminals, signs and fixtures in the provincial ticket lottery network; conducts retailer training and regularly communicates with retailers about the ticket lottery program. The Commission is referred to as the province's provincial marketing organization (PMO).

Retailer Agreements

Each retailer agreement is signed by the Commission, the WCLC and the retailer.

There are three types of lottery ticket retailer agreements, as follows:

- *Lottery Ticket Centre Retailer Agreement* - The retailer agrees to: make available to the public all the WCLC lottery products approved by the Commission, pay out (encash) winning tickets and operate at a specified location.
- *Full Off-Line (Premise) Retailer Agreement* - This agreement is similar to the Lottery Ticket Centre Retailer Agreement, except the retailer agrees to make available to the public only the WCLC off-line lottery products approved by the Commission.
- A *Temporary, Incidental, Casual Retailer Agreement* - The retailer agrees to make available to the public all the WCLC off-line lottery products approved by the Commission. The retailer is not authorized to pay out winning tickets and does not operate at a specific location. The authorized retailer pays a fee of $10 for the agreement, picks up and pays for ticket lottery supplies (purchased from retailers the Commission and the WCLC deem appropriate) and sells them to customers.

Applicants must be adult Canadian citizens or lawfully admitted to Canada for permanent residence.

Compensation

The retailer may be paid by discount, commission or bonus the amounts established by the Commission. The retailer holds net revenue (gross sales less winnings paid and remuneration) as a bare trustee for the Commission and deposits the net revenue weekly. Retailers are advised of the amount to deposit at least 24 hours before the payment is due.

The compensation, in effect since 1997, is as follows:

Table 13-1: Compensation Structure for Ticket Lottery Retailers in Alberta

COMPENSATION TYPE	DETAILS
Sales Commission	5% of net sales
Redemption Commission	2% of encashment amount (for prizes of up to $1,000)
Additional Compensation (level 1)	Annual sales between $54,000-$99,999: additional 0.5% for sales between these amounts
Additional Compensation (level 2)	Annual sales between $100,000-$249,999: additional 1.5% for sales between these amounts
Additional Compensation (level 3)	Annual sales between $250,000-$499,999: additional 2.5% for sales between these amounts
Additional Compensation (level 4)	Annual sales of $500,000 or more: additional 3.0% for the sales in these amounts.

Financial Security

To protect the investment made by the Commission in the ticket lottery network, the credit worthiness of each retailer is assessed to determine if additional security is required. Lottery retailers that are unable to pass the credit evaluation process, or choose to forego the process, are required to provide an irrevocable letter of credit to the Commission. The amount of the letter of credit is based on the type of retail operation, form of legal business entity and type of retailer agreement. If there are no payment issues after 52 weeks of selling lottery tickets, the retailer will be re-evaluated as to the whether the requirement for a letter of credit continues to exist.

Legal Age

Retailers are prohibited from selling lottery tickets to minors or encashing the tickets presented by minors. They must post and prominently display signs in their retail outlets which state this prohibition, as requested by the Commission.

Ticket Redemption

Lottery tickets become the property of the retailer or consumer at the time of receipt.

All tickets must be validated through a central computer system, that is the ticket terminal, before payment may be issued. If the ticket cannot be validated the retailer or consumer of the ticket would complete a claim form and forward the ticket with detailed explanation to the WCLC for investigation.

Under the WCLC terms and conditions, tickets for draw games such as Lotto 6/49, Western 649, among others, expire one year from the draw date. Prizes cannot be paid after this time. Sport Select ticket holders have 90 days from the date of when the pertinent Sport Select game was played to claim their prizes. All Scratch'n Win tickets have an expiry date printed on the back of the ticket and the game names and expiry dates are listed in the WCLC's regional publications (Source: the WCLC website).

Ticket retailers may encash winning tickets with a prize value of $1,000 or less. They must hold cancelled on-line lottery tickets for a minimum of 30 days and provide them to the Commission upon request. The Commission and the WCLC may encash winning tickets, but typically do so for winnings of $1,000 or more. A bank in Calgary has been authorized to encash ticket winnings of less than $10,000 for consumers in southern Alberta.

Payments are not to be provided for tickets identified as stolen or destroyed. Thefts of tickets must be reported immediately to the local police and within 24 hours to the Commission.

Categories of Retailers

In the ticket lottery network there are three categories of retailers as follows:

1. *Profitability Retailers* - Ticket lottery products are placed in retail locations that have the potential to meet the sales and profit targets set by the Commission. A trial period is not required. Failure to meet the minimum sales volume ($44,304 per year) may result in termination of the agreement. The minimum sales volume is the equivalent average break even point (sales versus costs) for all retailers based on 1998-99 operating costs. Retailer performance is monitored monthly. Failure to meet the minimum sales volume for any two of three consecutive months may result in termination of the agreement.

2. *Community Service Retailers* - Retailers serve Albertans in rural communities where otherwise the retailers would not be able to meet the sales and profit targets under the profitability category. The retailer must be in a community that is more than 25 km from another community with a retailer. Retailers in this category are responsible for any incremental costs. Incremental costs are the shortfall between actual operating costs and gross sales (net of prizes and commissions).

3. *Trial Retailers* - Retailers in this category do not, at the outset, appear to have the potential to meet the sales and profit targets of the profitability category. They are given a 13-week trial period to prove sales potential. The retailer agrees to meet the sales target or otherwise reimburse the Commission for any unrecovered costs incurred during the 13-week trial period. Applications to enter this category will not be accepted from those who participated in the trial network within the preceding 12 months. Only one trial category retailer may operate in a market zone at any given time. A maximum of 10 retailers may operate in this category at any one time.

Each category of retailer must meet the respective sales targets set by the Commission.

Allocating Terminals

Ticket lottery terminals are allocated to qualified retail locations and reallocated from retail locations that fail to meet established performance standards. The base number of ticket lottery terminals under the current provincial network is 2,025. Once that number of terminals is operating any reallocation of the terminals within the network will be based on a waiting list for terminals on a first-come first-serve basis, subject to meeting Commission retailer requirements.

Retailers with annual sales of more than $800,000 may be allowed to operate up to two terminals in the same location, subject to availability of terminals within the network target base.

A terminal may be removed from a retailer in the profitability category for failing to meet the basic requirement of the retailer network (as discussed earlier in this section) or if annualized sales fall in the bottom 1% of all ticket lottery retailers in the profitability category.

Those who fail to meet the requirements are subject to a 12 month probationary period. If the retailer continues to fail to meet the requirements the lottery ticket centre retail agreement may be terminated.

C. Current Situation Assessment

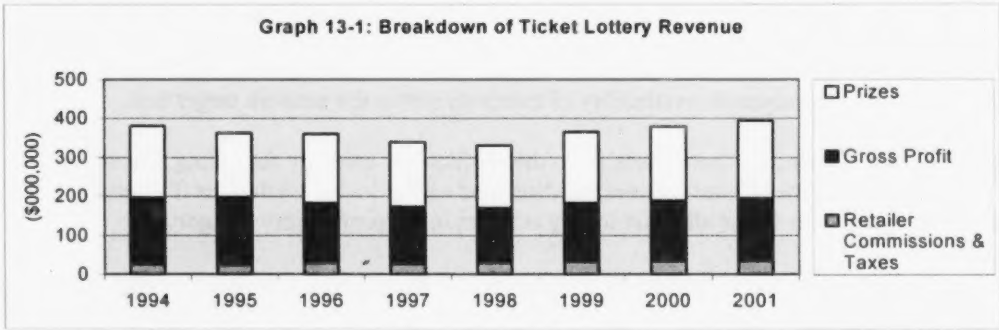
Revenue

Chart 13-1: Gaming Revenue from Ticket Lotteries

	1994	1995	1996	1997	1998	1999	2000	2001	Totals
	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)
Revenue									
Ticket	381	362	360	339	331	366	379	394	2,912
Cost of Goods Sold (COGS)									
Prizes	184	163	176	165	161	182	189	198	1,418
Retailer Commissions & Taxes	26	24	29	27	30	33	34	35	238
Total COGS	210	187	205	192	191	215	223	233	1,656
Gross Profit	171	175	155	147	140	151	156	161	1,256
Less: Operating Expenses									
WCLC - F,A,&O*	22	21	19	19	15	19	19	15	149
WCLC - Amortization	5	5	5	4	3	1	1	2	26
Total Operating Expenses	27	26	24	23	18	20	20	17	175
Net to Alberta Lottery Fund	144	149	131	124	122	131	136	144	1,081

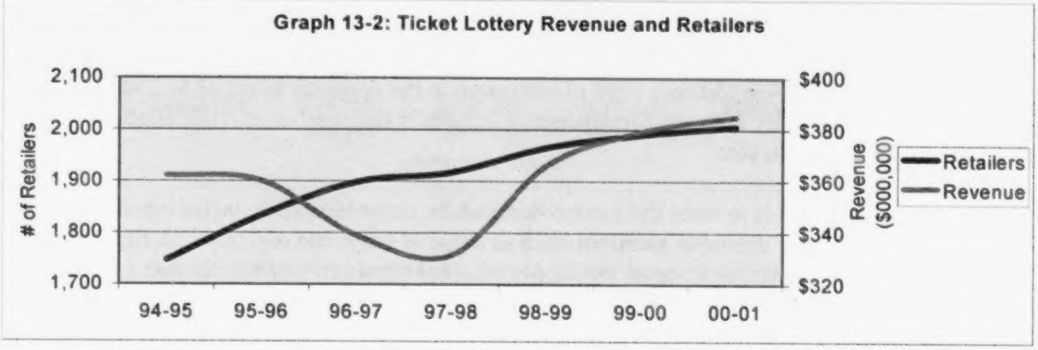
* Finance, Administration and Operations.

In 1996, net profit to the Alberta Lottery Fund from ticket lotteries decreased by 12% over the previous year, coinciding with the curtailing of ticket lottery advertising. The net profit fell again in the following two years by 5.3% and 1.6% respectively. In 1999, the net profit increased to the level in 1996 and increased by 3.8% in 2000 over the previous year.


Graph 13-1: Breakdown of Ticket Lottery Revenue

Lottery Ticket Network

Since March 31, 1995, the number of active retailers in the province's ticket lottery network has increased steadily. However, during the same five-year period, lottery ticket sales declined each year until 1998, when ticket lottery sales recovered following the introduction of new products and increased advertising. Total revenue for ticket lottery sales have increased by 4.6% over the five year period, yet the number of retailers has increased by 16%.



An increase in the number of active retailers has not resulted in a corresponding increase in lottery ticket sales. Increased distribution of retailers may have helped to keep sales from further decline, however, it has also contributed to an increase in overall operational costs.

Graph 13-2 shows the increase in the number of retailers since 1994-95 generally has not been accompanied by a corresponding increase in net sales.

Categories of Ticket Lottery Retailers

The following table indicates the number of retailers that fall within the three retailer categories.

Table 13-2: Ticket Lottery Retailer Categories (As of March 31, 2001)

RETAILER CATEGORY	NO. ACTIVE RETAILERS	NO. TERMINALS	CRITERIA
Profitability	1,979	1,998	Retail locations that have the potential to meet the sales and profit targets set by the Commission. Failure to meet the minimum sales volume ($44,304 per year, a break even amount based on sales and operating costs) may result in termination of the agreement.
Community Service	23	23	Serve Albertans in rural communities where otherwise a retailer would not be able to meet the sales and profit targets of the profitability category.
Trial	4	4	Retailers in this network do not, at the outset, appear to have the potential to meet the sales and profit targets of the profitability network but are given a 13-week trial period to prove sales potential. A maximum of 10 retailers may operate in the network at any one time.
TOTAL	2,006	2,025	

Long-Term Profitability

In the profitability category of retailers, the Commission currently uses a break even point as a minimum entry criteria for each retailer ($44,304 in annual ticket sales to break even or just cover costs of operations). The overall total operations costs will increase if the ticket lottery network continues to grow. Moreover, if the network grows without an incremental increase in total ticket lottery sales, less net revenue will be realized for distribution to charitable, not-for-profit and community activities through the Alberta Lottery Fund.

Activity in the trial category appears to be accelerating. That appears to be the result of two factors: the lowering of the criteria for a retailer to become part of the trial network (minimum required sales of $11,076 in October 1998 as compared to the previous target of $12,984) and the strong provincial economy with the corresponding growth in the number of retail establishments that wish to sell lottery tickets.

The Commission is unable to meet the current demand for ticket terminals, including the demand from operators of highly desirable locations such as those of corporate and other profitable accounts. The demand has outstripped the supply of ticket terminals and has created a wait list of about 144 retailers.

The two main retailer categories, the profitability and trial ones, have been governed by two distinct objectives. The profitability category aims to maximize revenue for the Alberta Lottery Fund. It is governed by sales performance and controls 95% of the province lottery ticket centres. The trial category gives access to those retailers that do not appear to have the potential to meet the sales and profit target of the profitability network. These retailers are given the opportunity to prove sales potential through a 13-week trial period.

The purpose of the community category, as stated earlier, is to serve rural communities that otherwise would be unable to meet the sales targets of the profitability category.

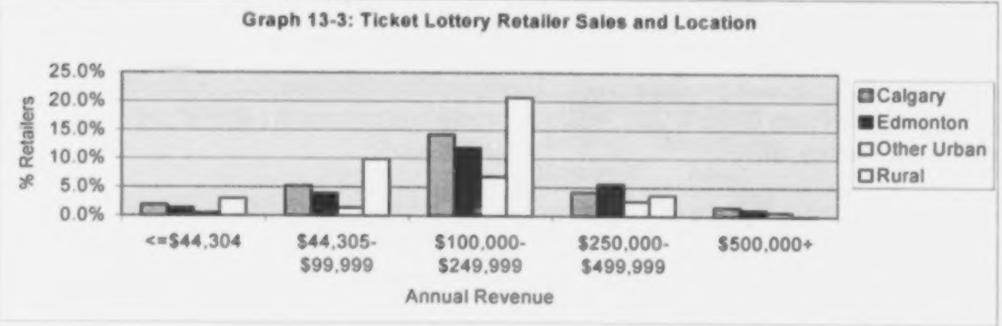
Retailer Distribution

Ticket lotteries are sold by various types of retail outlets. Those outlets and their numbers as a percentage of total outlets in the province are as follows:

Table 13-3: Alberta Ticket Lottery Retailer Network Composition

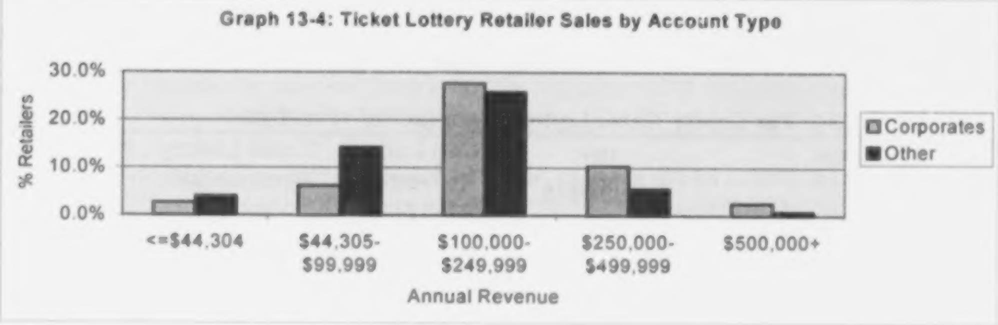
RETAIL OUTLET TYPE	PERCENT OF TICKET LOTTERY NETWORK
Convenience stores	34%
Gas retail outlets	22%
Dedicated ticket outlets (e.g., kiosks)	15%
Drug stores	13%
News/smoke shops	7%
Supermarkets	6%
Others	3%

Lottery tickets are sold by corporate or other types of accounts. Corporate accounts include, for example, operators of convenience store chains, grocers and retail gas companies. Other accounts ("others") refers to independently operated retail outlets.



There are 141 retailers who generated less than $44,304 in annual sales, the minimum amount to be in the profitability category. There is a fairly even distribution of these retailers between urban and rural areas. Almost 40% of retailers that generate from $100,000 to $249,999 in sales are from rural locations.

There are more corporate accounts generating a higher volume of sales than other types of accounts. Conversely, the other or non-corporate accounts generate lower sales volumes. There is a closer split between the number of corporate accounts and other accounts that generate sales in the middle range.



D. Landscape of Other Provinces

Each province either operates its own provincial lottery corporation or is a member of a lottery corporation that includes other member provinces.

The lotteries offered in each province varies. That generally is the case among members of lottery corporations such as the WCLC, which must take into account the distinct provincial markets in which they operate.

In addition, all provinces belong to the Interprovincial Lottery Corporation for purposes of participating in national lotteries and addressing common issues. The ILC consists of the following provincial lottery corporations:

Table 13-4: Inter-Provincial Lottery Corporation

MEMBER CORPORATIONS	PROVINCES/TERRITIORIES INVOLVED
British Columbia Lottery Corporation	British Columbia
Western Canada Lottery Corporation	Members: Alberta, Saskatchewan, Manitoba Associate Members: Yukon Territory, Northwest Territories, Nunavut
Ontario Lottery and Gaming Corporation	Ontario
Loto Quebec	Quebec
Atlantic Lottery Corporation	Members: New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland

Per Capita Sales Across Canada

The table indicates Alberta generates lower per capita ticket lottery sales than any of the other jurisdictions in Canada. It generates lower per capita sales than the WCLC's other full members, Saskatchewan and Manitoba, even though all three members offer similar ticket lotteries in their respective provinces.

Chart 13-2: Per Capita Ticket Lottery Revenue for 1999-2000

Province	18+ Population[1]	Ticket Lottery Revenue ($000,000)	Ticket Lottery Revenue per Adult	Rank
Quebec	5,727,157	$ 1,684.6	$ 294.14	1
British Columbia	3,118,909	$ 907.3	$ 290.90	2
Northwest Territories	28,321	$ 7.3	$ 257.76	3
Ontario	8,789,409	$ 2,142.8	$ 243.79	4
Nova Scotia	727,126	$ 174.6	$ 240.12	5
Yukon	22,432	$ 5.3	$ 236.27	6
Newfoundland	419,031	$ 94.0	$ 224.33	7
Prince Edward Island	103,853	$ 23.2	$ 223.39	8
New Brunswick	586,005	$ 123.8	$ 211.26	9
Manitoba	853,121	$ 151.2	$ 177.23	10
Saskatchewan	754,016	$ 130.1	$ 172.54	11
Alberta	2,200,347	$ 379.0	$ 172.25	12
Nunavut[2]	15,320	$ -	$ -	13

[1] Statistics Canada, Intercensal Population Estimates, July 1, 1999

[2] Revenue included with NWT

As shown in the following table, among the three provincial members of the WCLC, Alberta has a lower per capita density of ticket lottery terminals (1 for every 1,106 adults) than Saskatchewan (1 for every 908 adults) or Manitoba (1 for every 1,013 adults).

Chart 13-3: Per Capita Ticket Lottery Retailer Densities Among WCLC Members at March 31, 2000 [2]

Province	18+ Population[1]	Ticket Lottery Retailers	Retailer Density per Adult	Rank
Saskatchewan	754,016	830	908	1
Manitoba	853,121	842	1,013	2
Alberta	2,200,347	1,990	1,106	3

[1] Statistics Canada, Intercensal Population Estimates, July 1, 1999

[2] March 31, 2001 retailer counts from other jurisdictions not available at time of printing.

Ticket Lottery Revenues and Player Participation in Decline

According to Statistics Canada, the percentage of households in Canada that spent money on at least one gambling activity dropped to 77% in 1998 from 82% in 1996. The largest participation decrease was in provincial lotteries (to 68% from 74%), followed closely by other non-government lotteries, raffles and other games of chance (to 34% from 39%) and bingos (to 10% from 12%). Only participation in casino slot machines and VLT activity increased (to 20% from 17%).

Despite the decreased participation rates, average household expenditures for all types of gaming increased. Ticket lotteries had the lowest increase in average household expenditures for participating households, to $250 in 1998 from $240 in 1996, an increase of only 4%. According to the survey, Alberta had the lowest average household expenditures in this activity at $190 for participating households, whereas Ontario had the highest at $280 (Statistics Canada, "Update on Gambling," *Perspectives*, Spring 2000 issue).

> Although lottery revenue represented 90% of all gambling returns in 1992, the proportion dropped to 35% in 1998 as a result of steep increases from VLTs and casinos in the late 1990s.

Nevertheless, ticket lotteries still have a positive correlation with a strong economy. That is, expenditures on lottery products typically increase at a faster rate than the growth in GDP.

> Lotteries have an elasticity with respect to GDP of more than 1.0. Which means that for every 1% increase in GDP there is a 1.3% increase in lottery spending (Vaillancourt & Roy, 2000: *Special Studies in Taxation and Public Finance No. 2*).

Maturing of Lottery Products

Although each jurisdiction carefully manages its overall product mix to provide the best returns, lottery products in general have reached maturation in their current formats and will eventually require some modifications. Leading the way may be new instant or specialty types of games with higher price points to maintain or increase revenues.

Landscape of Ticket Lottery Operations in Canada

The following table gives a snapshot of the ticket lottery operations throughout Canada.

Table 13-5: Landscape of Ticket Lotteries in Other Provinces – at March 31, 2000

JURISDICTION	NETWORK	DIVISION OF REVENUE	COMMENTS
British Columbia Conducted & Managed by: British Columbia Lottery Corporation. Regulated by: Gaming Policy Secretariat	2,690 Retailers Full-service: 2,640 Offline: 50	Retailer Commissions: 6.8% of gross revenue including sales bonuses Prize Payout: 52.3%	Minimum age: 18 Site Selection Criteria Urban: $1,730 per week for 6 months. Rural: $925 per week for 6 months. 1999-2000 Revenue $907.3 million
Alberta Conducted & Managed by: Western Canada Lottery Corporation under the authority of the Alberta Gaming and Liquor Commission.	1,990 Retailers Full-service: 1,982 Offline: 8	Retailer Commission: 5% of gross revenue Additional compensation paid on specific sales levels. Encashment: 2% Prize Payout: 50%	Minimum age: 18 Site selection criteria: Trade area density; $54k annual sales. 1999-2000 Sales $379 million
Saskatchewan Conducted & Managed by: Sask Sport Inc. operates the Saskatchewan Lotteries system under the authority of the Western Canada Lottery Commission.	830 Retailers Full-service: 766 Offline: 64	Retailer Commission: 5% of gross revenue Encashment: 2% Prize Payout: 50%	Minimum age: 18 Revenue to SK Gov't covers license fee and contractual obligations. 1999-2000 Gross Sales $130.1 million
Manitoba Conducted & Managed by: Western Canada Lottery Corporation under the authority of the Manitoba Lottery Corporation.	842 Retailers Full-service: 842 Offline: 0	Retailer Commission: 5% of gross revenue Encashment: 2% Prize Payout: 50%	Minimum age: 18 Sales for Network Entry: Urban: $60-80,000 annual Rural: $52-63,000 annual 1999-2000 Net Revenue $ 151.2 million.

Ontario Conducted & Managed by: Ontario Lottery and Gaming Corporation. Regulated by: Alcohol and Gaming Commission of Ontario.	10,100 Retailers Full-service: 7,738 Offline: 2,362	Retailer Commission: 7.3% (includes bonuses). Prize Payout: 49.5%	Minimum age: 18 Online site selection based on highest sales in the province over 26 weeks. Offline site selection based on $100 application fee and $2000 letter of credit; sales rep does pre-site. 1999-2000 Sales $2.2 billion (includes $57.2 million from Superstar Bingo).
Quebec Conducted & Managed by: Loto-Quebec. Regulated by: RACJ (R'egie de alcoos, des courses et des jeux).	11,450 Retailers Full-service: 8,250 Offline: 3,200 Retailers include 1000+ financial institutions and 90 traveling sales people. Six-month conditional acceptance based on sales.	Retailer Commission: 6% online 8% offline 0% redemption 1% on prizes over $1000. Prize Payout: 52%	Minimum age: 18 Legislation for minimum age 18 became effective in February 2000. Must be offline retailer for 13 consecutive weeks. 917 non-profit organizations sold $133 million in lottery subscriptions and received 7% commission. 1999-2000 Sales $1.8 billion (includes $115.4 million from TV lotteries).
Nova Scotia Conducted & Managed by: Atlantic Lottery Corporation. Regulated by: Nova Scotia Alcohol and Gaming Authority.	1,282 Retailers Full service: 1,163 MRT: 119	Retailer Commission: 5% with 3% quarterly bonus up to $400k. 10-cent encashment for each winning ticket. 1% "prize" for winning tickets above $10,000.	Minimum age: 19 MRT = multi-purpose retail terminal – sell and redeem off-line tickets. 1999-2000 Sales $174.6 million
New Brunswick Conducted & Managed by: Atlantic Lottery Corporation.	989 Retailers Full Service: 850 MRT: 139	Retailer Commission: 5% on staple games; 8% on special games, e.g. Celebration, Mega Millions. 10-cent encashment for each winning ticket. 1% "prize" for winning	Minimum age: 19 1999-2000 Sales $123.8 million

		tickets above $10,000.	
Prince Edward Island Conducted & Managed by: Atlantic Lottery Corporation.	169 Retailers Full Service: 164 MRT: 5	Retailer Commission: 5% on staple games; 8% on special games, e.g. Celebration, Mega Millions. 10-cent encashment for each winning ticket. 1% "prize" for winning tickets above $10,000.	Minimum age: 18 1999-2000 Sales $23.2 million
Newfoundland & Lab Conducted & Managed by: Atlantic Lottery Corporation.	1,888 Retailers Full Service: 933 MRT: 222	Retailer Commission: 5% on staple games; 8% on special games, e.g. Celebration, Mega Millions. 10-cent encashment for each winning ticket. 1% "prize" for winning tickets above $10,000.	Minimum age: 19 1999-2000 Sales $94.0 million
Yukon Conducted & Managed by: Western Canada Lottery Corporation under the authority of the Yukon Lotteries Commission	43 Retailers Full-service: 33 Offline: 10	Retailer Commission: 5% of gross revenue Encashment: 2% Prize Payout: 50%	Minimum age: 18 1999-2000 Sales $5.3 million
Northwest Territories Conducted & Managed by: Western Canada Lottery Corporation under the authority of the Sport North	19 Retailers Full-service: 13 Offline: 6	Retailer Commission: 5% of gross revenue Encashment: 2% Prize Payout: 50%	Minimum age: 18 1999-2000 Sales $7.3 million
Nunavut Conducted & Managed by: Western Canada Lottery Corporation under the authority of the Sport North	2 Retailers Full-service: 2	Retailer Commission: 5% of gross revenue Encashment: 2% Prize Payout: 50%	The WCLC does not have a separate agreement with Nunavut. The retailers there act as retailers for NWT. Sales for the two territories are not separated.

E. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, including both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on ticket lotteries.

The review process also included a review of gaming-related literature gathered from jurisdictions around the world. A few key sources are described here.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.
- *Landscape*- Some of the policies, issues and developments in other jurisdictions.

Public

In May 2000, during the licensing policy review, the views and perspectives of adult Albertans were sought through public opinion research.

The research shows most Albertans view ticket lotteries as a harmless entertainment and do not associate it with problem gambling. More than half of Albertans believe that it is up to each individual to control his or her own gambling.

More than half of respondents indicated they are not well informed about where proceeds from gaming go.

Most Albertans feel they are not well informed, or not informed at all, about where the proceeds from ticket lotteries go. About 40% felt somewhat informed and only about 9% felt well informed.

Eighty-one percent of Albertans feel the profits from lotteries go to a good cause. The top four areas identified by respondents as deserving of gaming proceeds in general were charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). Other areas each received less than 15% support.

More than half of respondents indicated their main source of information about where proceeds go is the newspaper.

Most adult Albertans (69%) had purchased a ticket lottery in the past year, the highest participation rate of any gaming activity, and spent an average of just more than $19 on ticket lotteries in the past month. About 82% of Albertans supported the current level of availability of ticket lotteries. Almost 13% indicated they would like them to be made less accessible and about 5% more available.

Respondents indicated clearly they should be able to buy ticket lotteries at lottery ticket centres (89.2%). Fewer than 30% of players said they would like to buy ticket lotteries in other types of locations (that currently do not sell them) such as bars and lounges, local casino, bingo hall and race tracks.

Most players would buy instant tickets at lottery ticket centres (88.6%). If they were to be available in other locations, players would buy them in bars and lounges (46.9%), a gaming room in a hotel (35.4%), local casino (29.2%) and bingo hall (28.8%), among others.

Stakeholders

Consultation with stakeholders occurred during the Gaming Licensing Policy Review. During September and October 2000, facilitated interviews and discussions occurred with stakeholder groups throughout Alberta. In addition, representative telephone surveys were conducted involving more than 600 representatives of charitable organizations and 300 industry workers involved with bingos and casinos.

The integrity of gaming activities is of common interest.

Stakeholders feel the Commission has been professional in carrying out its responsibilities. Even though some stakeholders may have opposed policy decisions of the Commission, none called into question the Commission's own integrity.

Stakeholders generally desire a level playing field, where everyone knows the rules and there is fair opportunity to participate.

There is a wide range of knowledge among stakeholders about where the proceeds from gaming go and how they are used. Some are well informed and others less so. Many want to see more money spent informing people about how proceeds are used, a view that is consistent with that of most Albertans.

Industry Stakeholders

Lottery ticket retailers wanted more done to promote where lottery revenues go. They expressed concerns about VLT gaming, which they felt was generating public concerns about gaming in general in the province and in some cases leading to problem gambling.

Representatives of major exhibitions indicated they pioneered gaming in the province through horse racing and their other early involvement in ticket lotteries and casino gaming. A priority was to obtain more funding from the Alberta Lottery Fund.

Police Services

Police services felt the Commission has done a good job in regulating gaming in the province. Nevertheless, they did have some issues. A balancing of social responsibility and growth of gaming is required. A number of police services felt a full cost benefit analysis of gaming would be appropriate and some of the representatives were not aware the Alberta Gaming and Research Institute was formed for the purpose of conducting more in-depth research into gaming in the province.

Service Agencies and Advocacy Foundation

One public advocacy foundation believes an organization such as the Commission is bound to be biased in its decisions as it generates significant revenue from gaming. Even so, the foundation believes the Commission is doing a good job balancing the public and special interests. They also believe the Commission is doing better than other jurisdictions in the area of consultation.

Landscape

See "Landscape of Other Provinces" in this section for more details about the policies and activities related to ticket lotteries in other provinces.

The regulatory environments for gaming between Canada and other jurisdictions differ. In some respects they may differ significantly. In any case, it is worth examining or considering the events and activities occurring internationally. A few comments are provided about lotteries in the United States and Australia.

U.S. Experience

The National Gambling Impact Study Commission was appointed by the federal government of the United States to examine the impact of gambling across the U.S. Its task involved research, study and consultation over two years. The commission issued its report with findings and recommendations in June 1999.

The regulatory environments between U.S. jurisdictions and those of Canada differ. Nevertheless, it is worth mentioning a few findings from the commission report related to lotteries.

Lotteries enjoy an honoured place in American history as a device for raising funds for public projects, including a prominent role in financing the establishment of the first English colonies. In 1776, lotteries operated in all 13 colonies. In 1890, the federal government outlawed the use of mail for lotteries and in 1895 the Commerce Clause made it illegal to transport lottery products or advertising across state lines. This effectively stopped all U.S. lotteries for the next 70 years.

In 1964, the revival of state lotteries began in New Hampshire. The states of New York and New Jersey soon followed. Currently, lotteries are operating in 37 states and the District of Columbia.

Most states operate their lotteries as a monopoly through a state agency, department or public corporation. In authorizing the lottery, most states required approval by both the legislature and the public through referendum.

Ticket lotteries are now the most widespread form of gaming in the U.S. When surveyed, most adults (51.4%) report having played the lottery in the last year.

> Lotteries rank first among the various forms of gambling in terms of gross revenues: total lottery sales in 1996 totaled $42.9 billion. 1982 gross revenues were $4 billion, representing an increase of 950% over the preceding 15 years, 1982-1996.

Over recent years, state lotteries have aggressively promoted new lottery products in order to maintain revenues as other forms of gaming were introduced.

Australia

Australia has a long history with gaming. Until recently, gaming was confined to lotteries in most states. In the past 10 to 15 years, there has been a rapid transformation as a result of new gaming technologies. An inquiry report, *Australia's Gambling Industries* (1999), issued by the country's Productivity Commission, states:

> Gambling industries account for about 1.5% of Australia's GDP. Total expenditures (losses) on gambling amounted to over $11 billion in 1997-98. Expenditure is more than double what it was a decade ago in real terms – at least for gambling – and triple that of 15 years ago.

Most Australians have gambled in the last year (82%). Ticket lotteries had the highest participation rate (60%) among gamblers in 1997-98, however total lottery expenditures accounted for only 11% of the total gaming market. In 1987-88, ticket lotteries accounted for 22% of total gaming revenues, twice the current market share. This decline in market share has been attributed largely to the proliferation of electronic gaming devices during this same period.

F. Primary Issues and Recommendations

Process of Review

The first step in the process of the Gaming Licensing Policy Review was to make an initial assessment of current ticket lottery policies within the gaming licensing policy framework. Are ticket lottery policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about those policies. That step was followed by a review of stakeholder perspectives and determining whether any improvements were needed to current ticket lotteries policies in the province over the next five years or more.

Issues and Recommendations

The Gaming Licensing Policy Review, following consultations with stakeholders, had not identified any significant issues related specifically to ticket lotteries. Therefore, no specific recommendations are being made for them.

The general recommendations identified earlier in the report which apply to all gaming activities would cover ticket lotteries as well. For example, as a matter of public interest and social responsibility, the Commission will ensure that retailers continue to sell ticket lotteries only to those of legal age and that sales are not being made to minors. Retailers that contravene this requirement are subject to penalties that include termination of the ticket lottery agreement.

A few operational matters arose during the gaming licensing policy review and will be addressed. For example, they include consolidating the ticket lotteries terms and conditions in one document for ticket lottery retailers. Currently, the policies are provided in separate documents, which is inconvenient for retailers.

The Commission will continue to work and consult with ticket retailers to address any issues or concerns that arise in the future.

VIDEO

VIDEO LOTTERIES

Contents

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A. Introduction

Video lottery terminals (VLTs) are electronic gaming devices that are conducted and managed by the Alberta Gaming and Liquor Commission under the province's *Gaming and Liquor Act* (Alberta). VLTs are located in bars and lounges under a video retailer agreement with the Alberta Gaming and Liquor Commission.

Government's share of revenue generated from provincial lotteries—which includes ticket lotteries, VLTs and slot machines—are placed in the Alberta Lottery Fund.

This section discusses the background to VLT gaming in the province. It provides key information related to current VLT policies, the VLT plebiscites held throughout the province, an assessment of the current situation regarding VLT gaming and a landscape of video lottery policies in other provinces for purposes of comparison.

The section concludes with recommendations to address issues identified through the licensing policy review process.

B. Background

Video Lottery Terminals (VLTs) and the VLT Network

A video lottery terminal (VLT) is a free-standing electronic gaming device, with player-activated touch-screen technology, used to play a variety of games of chance.

The terminals operating in the province are purchased and owned by the Alberta Gaming and Liquor Commission (the Commission) on behalf of the Government of Alberta. This conforms with the provisions of the *Criminal Code* (Canada) which provide that only a provincial authority may conduct and manage electronic gaming devices.

VLTs are located only in bars and lounges under agreement between the VLT retailer and the Commission. The agreement authorizes the retailer to provide services regarding VLTs under various terms and conditions that reflect policies of the Commission regarding the conduct, management and operation of VLTs. The retailer receives a commission of 15% of net revenues for providing those services.

The province's network of VLTs is monitored through the Commission's central computerized system as a security/control measure, a key element in the conduct and management of VLTs by the Commission.

Each VLT terminal operates independently of other terminals.

Players may wager from one credit to 10 credits, each worth 25 cents. The maximum bet is $2.50. The maximum prize for a single game is $1,000. VLTs accept quarters and loonies and many accept bills. The money put into the machine is expressed as credits during play. Winnings are redeemable through the VLT retailer.

Each free-standing terminal is certified by an independent testing laboratory to pay approximately 92% of amounts wagered, averaged over extensive play. Pay out is calculated as total credits won divided by total credits wagered.

Developments in the VLT Network

Alberta introduced VLTs after a few other provinces and U.S. states introduced VLT programs in their respective jurisdictions. Following are some of the key developments in the evolution of the VLT network in Alberta, beginning with events that occurred beyond the province's borders.

Early Developments

In Canada, an amendment to the *Criminal Code* in 1985 transferred all authority for lotteries to the provinces and paved the way for provinces to introduce electronic gaming machines. It would be about five years before any Canadian jurisdiction would introduce its own electronic gaming machines.

A number of U.S. states introduced VLT programs prior to any Canadian jurisdiction, which allowed Canadian provinces to track the experiences in the U.S. states. Those states were Montana (1986 introduction), South Dakota (1989) and West Virginia (1990). States to follow with VLT programs in 1992 were Oregon, Louisiana and Rhode Island.

The first VLTs in Canada were introduced to the Atlantic provinces as an expansion of their lottery programs. They were adopted by New Brunswick and Newfoundland in December 1990, Nova Scotia in May 1991 and PEI in August 1991.

Some VLTs in the Atlantic provinces were located in convenience stores and gas stations. In some cases they also were in bowling alleys, video outlets, taxi stands, laundromats and ferry boats. The access to VLTs by the public at large was to become an issue in Atlantic Canada in later years. For example, Nova Scotia required in 1993 that VLTs be placed only in age-restricted licensed premises. VLTs have been phased out of convenience stores in New Brunswick and PEI.

Manitoba introduced VLTs in November 1991. There they were installed in age-controlled establishments.

Gaming authorities in Quebec acknowledged the spread of illegal VLTs in the early 1990s. The Quebec gaming authority estimated about 40,000 illegal machines, or "grey machines," were in the province in 1994, when that province introduced its program. Since the successful launch of Quebec's VLT program, and numerous seizures of illegal machines in the ensuing years, the gaming authority estimated in 1997 that there were a maximum of 5,000 illegal machines, 35,000 fewer than in 1994.

In its report of 1995, the Lotteries Review Committee noted: "Although VLTs are illegal in both British Columbia and Ontario, estimates are that 10,000 illegal machines are operating in bars, pool halls, restaurants and laundromats in British Columbia and 30,000 to 40,000 illegal machines are operating in Ontario."

The estimates reported in the committee's report were later revised. Ontario estimated in 1996 that the number of illegal "grey" machines operating in the province was from 15,000 to 20,000. Since that date nearly 3,000 machines have been seized by provincial authorities. The machines were operated in bars, restaurants, coffee places, cafes, strip clubs and corner stores. There has not been a more recent estimate on the number of illegal VLTs.

A rough estimate of the B.C. Gaming, Audit and Investigation Office is there are currently 3,500 grey machines in B.C.

Alberta Conducts Pilot Tests

Alberta Lotteries introduced VLTs to Alberta on a pilot basis during the summer and fall of 1991. The pilot test began at the Calgary Stampede at its casino for 10 days, and at the Edmonton Klondike Days exhibition at its casino for 10 days. VLTs were later tested in 30 age-controlled licensed beverage rooms throughout Alberta.

Those VLTs were the first such devices authorized for use in Alberta and represented the first generation of such terminals.

The rationale for introducing VLTs to Alberta was threefold:

1. To test a new form of gaming entertainment within the framework of legal gaming in Alberta. The venues chosen for VLTs were licensed premises that prohibited minors.
2. To contribute revenue to the Lottery Fund of the province.
3. To prevent illegal gaming machines from being established in the province. Authorities acknowledged the potential problems and difficulties faced in the province if illegal VLTs were to become rooted here.

Generally the VLT test was assessed as a success. The primary concern among players was VLTs not be accessible to minors and therefore should be placed in an adult-only environment.

Official Launch of the Alberta VLT Program

The VLT Program was officially approved on March 12, 1992 with a plan to install 8,600 terminals in Class A Minors Prohibited* licensed premises (bars and lounges) over three years. The gaming authority began the process of procuring a central monitoring system and VLTs.

VLTs were rolled out across the province in 1992 and the following years.

Table 14-1: Number of Installed VLTs and Locations in Alberta – 1992 to 2001

DATE	NO. TERMINALS	NO. LOCATIONS	COMMENT
March 12, 1992			Official announcement of the VLT program launch.
March 31, 1992	435	84	
August 30, 1992			Central computer system enabled.
March 31, 1993	1,767	376	
March 31, 1994	4,438	864	
March 31, 1995	5,975	1,080	
March 31, 1996	5,586	1,098	On Dec. 8, 1995 government limited the number of VLTs to a maximum of 6,000.
March 31, 1997	5,866	1,221	
March 31, 1998	5,852	1,225	
March 31, 1999	5,943	1,223	
March 31, 2000	5,959	1,238	
March 31, 2001	5,965	1,266	

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* Bars and lounges were referred to as Class A Liquor Primary premises prior to July 1, 1996 and as Class A Minors Prohibited premises after that date. The latter terminology is used throughout this report.

Within one year after VLTs were initially rolled out in the province, various community service groups, bingo halls and associations and race tracks expressed interest in operating VLTs to raise funds for their projects. As those premises were not Class A Minors Prohibited premises, the requests could not be accommodated.

In 1993, some groups, such as branches of the Royal Canadian Legion in Edmonton, claimed they were experiencing losses in raffles and pull ticket sales due to VLTs and were looking for "…the opportunity to reap some of the rewards of having a VLT on our own premises…" (Alberta Hansard, October 7, 1993).

Legions and service groups later qualified for VLTs if they operated under Class A Minors Prohibited licences.

Revenues generated from VLTs were beyond expectations in the first few years of their introduction to the province. They produced higher annual levels of revenue than any other gaming activity in the province and starting in 1993-94 exceeded the revenues generated by the well-established ticket lottery program.

General Gaming Issues Emerge

From 1992 to 1994 various gaming issues emerged. They included the following:

- proceeds from charitable gaming such as bingo and pull tickets appeared to be declining while the Lottery Fund was growing substantially - some of those involved with charitable gaming believed players of charitable gaming activities were being drawn away by VLTs;
- problem gambling awareness grew with increased research and public focus - AADAC commissioned its first research report into the prevalence of gambling and problem gambling in the province;
- the public began to question where lottery dollars were going - the Lotteries Review Committee was formed in part to address the allocation of lottery dollars; and
- service clubs conducting charitable games such as pull tickets began to seek a level playing field, in some cases requesting VLTs to raise funds.

The Lotteries Review Committee, comprised of MLAs and chaired by Judy Gordon, MLA - Lacombe Stettler, was formed in December 1994 to consult with Albertans about future directions for lotteries and gaming. In its report, the committee noted it was time to ask questions about how lottery funds should be used, how to improve accountability and the impact of VLTs on communities. The committee's recommendations for VLTs have formed the basis of current VLT policy in the province. The government's response to the VLT-related recommendations are provided in this section under "Current VLT Policies." See also the section "Gaming in General" under "Current Policies."

Province's Community Lottery Board Program Launched

In response to a specific recommendation of the Lotteries Review Committee, the Community Lottery Board Program was officially launched on April 1, 1998. Fifty million dollars from the Lottery Fund, derived exclusively from VLT revenues, was allocated for disbursement through community lottery boards across Alberta.

VLT Plebiscites

In response to a recommendation of the Lotteries Review Committee, the government announced it would honour the outcome of plebiscites in communities whose residents wanted VLTs removed from their communities. Forty such VLT plebiscites were held in communities across Alberta between February 1997 and October 1998. The vast majority of municipalities voted to retain VLTs, although in a number of cases by narrow margins. VLTs have been removed from Rocky Mountain House and Sylvan Lake. Various legal challenges have been initiated by retailers in other communities that voted to remove VLTs. A court injunction and the pending legal challenge have prevented the removal of VLTs from those communities.

Gambling Prevalence Research

In 1994, Alberta Lotteries and Gaming issued the province's first commissioned research report regarding the prevalence of gambling and problem gambling among adult Albertans. The report estimated 84.4% of Alberta's adult population gamble responsibly. Seven percent did not gamble. An estimated 3.2% of adults experienced problems gambling in the past. The prevalence rate of problem and probable pathological gambling in Alberta was estimated at 5.4% of the adult population: 4.0% were deemed to be current problem gamblers and 1.4% current probable pathological gamblers. Similar prevalence rates had been published for New Brunswick and Manitoba.

In June 1998, AADAC issued a second gambling and problem gambling prevalence research report, which replicated the 1994 study (to determine changes or trends over the intervening four years). The report noted the prevalence rate of current problem gamblers decreased to 4.8% from 5.4% between 1994 and 1998. The report indicated 2.8% of the adult population were deemed problem gamblers (i.e., with some problems) and 2.0% probable pathological gamblers.

Further details regarding the two reports are in the appendix "Social Responsibility."

Lotteries and Gaming Summit

A second major public consultation occurred through the Lotteries and Gaming Summit '98, which has influenced the province's general approaches to lotteries and gaming activities. The summit, held in Medicine Hat in April 1998, discussed and addressed a number of issues regarding lotteries and gaming in the province. The summit made eight recommendations, none of which dealt directly with any specific gaming activity, rather, they were general in nature, applying to all gaming activities and the use of lottery funds. A further discussion of that public review is provided in the section "Gaming in General" under "Current Policies."

Illegal "Grey" Machines

The Commission regularly conducts investigations into possible contravention of the *Criminal Code* or *Gaming and Liquor Act* (Alberta) within licensed premises. As well, investigations into gaming-related matters are conducted in cooperation with police services in the province.

Working with local police services, the Commission seized 111 machines during investigations into illegal "grey" machines (unlicensed machines) from 1997 to 1999. Numerous individuals and companies were charged with offences ranging from the *Criminal Code* offence of Operating a Common Gaming House to the provincial *Gaming and Liquor Act* offence of being in possession of video lottery terminals not approved by the Commission. All of the grey machines that were being used for gambling were seized from liquor licensed premises.

Commission inspectors work closely with local police services on a regular basis and take a lead role in conducting investigations into the presence of illegal "grey" machines in the province.

Gaming Industry Initiatives

In 1999, various members of the VLT and hospitality industries formed the Alberta Gaming Industry Association to pro-actively address problem gambling, a commitment members of the industries made prior to the October 1998 VLT plebiscites. Anyone involved in any gaming activity, including charitable gaming activities such as bingo and casinos, may join the association.

In August 1999, the Alberta Hotel Association (now the Alberta Hotel and Lodging Association) proposed hotel "games rooms" to the government Standing Policy Committee on Jobs and the Economy.

C. Current VLT Policies

The province's VLT policies have been developed within a legal framework that consists of the federal *Criminal Code*, the province's *Gaming and Liquor Act* and *Gaming and Liquor Regulation* (Alberta). VLT policies must meet the requirements set forth in the legislation and regulation.

The major VLT policies currently in effect are based upon the recommendations of the Lotteries Review Committee. Following is a summary of the committee's recommendations and government's response to them.

Lotteries Review Committee

In December 1994, the Lotteries Review Committee was established to address future directions for lotteries and gaming. The committee comprised MLAs and was chaired by Judy Gordon, MLA - Lacombe Stettler. In its report, the committee noted it was time to ask questions about how lottery funds should be used, how to improve accountability and the impact of VLTs on communities. The Lotteries Review Committee conducted extensive public consultations prior to making its recommendations.

The committee indicated the province was doing a good job in protecting the integrity of gaming. It wrote: "Alberta has an excellent reputation for regulating its gaming industry, including VLTs. We want to maintain a well-regulated system rather than open the doors to illegal gambling."

The committee raised concerns about increased accessibility of VLTs in licensed premises across Alberta and the high levels of revenue generated by video lottery play. It made various recommendations regarding VLTs. The thrust of those recommendations was as follows:

- to cap their number in the province at the (then) existing 6,000 machines;
- to cap the maximum number of VLTs per licensed premise;
- to allocate VLTs based on square footage/seating capacity of the establishment;
- to re-allocate surplus VLTs (those removed to meet the maximum number of VLTs per licensed premises) to meet the backlog of current applications from bars and lounges, also to be re-allocated to charitable casinos to a maximum of 50 terminals (note: this recommendation was made prior to slot machines being available in casinos);
- to disallow more than one licensed premise in a single facility to operate VLTs;
- to return a portion of VLT revenue to communities through local lottery boards;
- to permit communities to decide by municipal plebiscite to prohibit VLTs in their communities;
- to permit service clubs such as Legions which operate bars and lounges to apply for VLTs if they have a Class A liquor licence and meet the basic square footage/seating capacity requirements;
- to implement changes to VLTs to slow down the speed of the games;
- to eliminate the then current incentive/bonus system based on volume of VLT revenues;
- to remove promotional statements regarding lotteries as a "source of many benefits";

- to require facilities to prominently post their licence in their premises and which should specify the number of VLTs the premises may operate; and
- to tighten up existing regulations to make it easier to enforce the requirements that prohibit management and staff from playing VLTs in their own premises when on duty.

In response, the provincial government announced in December 1995 it would adopt the following policies for VLTs in Alberta:

- the number of VLTs in the province would be limited to a maximum of 6,000;
- in a single facility, no more than one premises would be approved for VLTs; where single facilities had more than one such premises at the time of the policy announcement, their number would be reduced to one within five years, by December 31, 2000 (the surplus VLTs removed from facilities would be reallocated to retailers on the VLT wait list);
- the number of VLTs per licensed premises would be limited to a maximum of seven;
- charitable casinos would receive up to 50 VLTs so charitable groups and organizations could receive a share of VLT revenue; and
- the outcome of VLT plebiscites in municipalities that hold them would be honoured.

Beginning in 1995, prior to government adopting the new VLT policies, the gaming authority at the time only allocated VLTs to eligible new retailers when an existing retailer closed business or otherwise had their VLTs removed. This continues to be the current practice.

By October 1995, there were more than 182 bars and lounges on the wait list for VLTs. Currently there are about 74 such premises on the wait list.

The policy to allow only one premises with VLTs in each single facility by December 31, 2000 has been deferred pending the completion of the Licensing Policy Review. There are currently 65 such facilities in the province with more than one premises with VLTs.

Since the policy was announced, slot machines were introduced to charitable casinos and charitable groups that hold casinos events obtain a share of the revenue from the slot machines.

The Lotteries Review Committee also recommended implementing changes to VLTs to slow down the speed of the games. In Commission field tests, slowing down speed of play did not appear to effect player behaviour. Players continued to play for the same amount of time and bet the same amount per play as before. However, since each game took longer to play, fewer games were played than before. The Alberta Alcohol and Drug Abuse Commission believes slowing down the games by several seconds per game may not accomplish the objective of reducing their attractiveness to the problem gambler. Instead, AADAC believes other responsible gaming features, such as forced interruption of play for a period of time, may be more effective.

Video Lottery Retailer Agreement

Terms and conditions for the operation of VLTs are contained in the Video Lottery Retailer Agreement between the VLT retailer and Commission and the Liquor Licensee Handbook. The terms and conditions relate to matters of gaming integrity, ownership of VLTs and the obligations and requirements of the VLT retailer in providing its services and space in their premises for the operation of VLTs.

The Legal Framework for Gaming

Criminal Code (Canada)

The *Criminal Code* sets the legal groundwork for all gaming activities in the country including VLTs.

Specifically, section 207(1)(a) allows a provincial government to conduct and manage a lottery scheme in accordance with any provincially enacted law. The *Gaming and Liquor Act* (Alberta) establishes the Commission as the gaming authority in this province.

Section 207(4)(c) prohibits anyone other than a provincial authority to operating gaming "through a computer, video device or slot machine, within the meaning of subsection 198(3)."

For further explanation of these and other *Criminal Code* requirements please refer to the separate section entitled "Legislative Requirements and Considerations."

Gaming and Liquor Act (Alberta)

Section 46 of the provincial *Gaming and Liquor Act* requires anyone who supplies VLTs to the province must be registered with the Commission. As well, any VLTs used in the province must be approved in advance by the Commission. No one may operate a VLT unless both the person and the premises in which the VLTs are to be located are approved.

Various sections of the *Gaming and Liquor Act* were amended and passed in April 1999 (Bill 36, the Gaming and Liquor Amendment Act) to address the concern the Commission, based on a court decision, was unauthorized to follow or consider government policy regarding VLT plebiscite votes held in various municipalities across the province. The government indicated it would honour the wishes of communities that wished to remove VLTs, as expressed through VLT plebiscites.

The amended legislation authorizes the Commission's Board to take and implement direction from the Minister of Gaming. (Recently, the Court of Queen's Bench of Alberta granted an interim injunction prohibiting the Commission from disabling or removing VLTs pending the hearings of a constitutional challenge of the legislation. The Commission has complied with that order.)

Sections 46.1 and 46.2 of the *Gaming and Liquor Act* address the termination of VLT agreements with retailers and the removal of VLTs from the specific municipalities that voted by plebiscite in favour of their removal. The VLTs in the municipalities identified in section 46.2(1) have not been removed due to the matters before the courts.

Section 103 of the legislation allows an inspector who believes VLTs are being used unlawfully to seize them from a licensed premise and notify the person from whose premises they were removed as to the reasons for the removal and the person's right of a hearing before the board on the matter.

Distinctions Between a VLT and a Slot Machine[1]

Alberta's provincial policy distinguishes between video lottery terminals (VLTs) and other electronic gaming devices, including slot machines, that are operated in the province.

VLTs are permitted only in a Class A Minors Prohibited premises, within a limit of a maximum of 6,000 terminals in the province. Slot machines are found in casinos, racing entertainment centres and the major summer fairs and exhibitions that are authorized to operate slot machines.

VLT prizes are awarded in the form of credits, which the player redeems by presenting a paper cashout ticket generated by the terminal to the VLT retailer. Slot machines typically pay prizes in the form of coins dispensed in the tray of the machine. Larger slot prizes are paid to the player by cheque.

VLTs offer spinning reel, multi-line, card (black jack and poker) games and keno. Slot machines offer similar video games as well as video progressive games and mechanical spinning reel, multi-line and progressive games.

The division of net revenue (gross revenue less prizes) differs. VLT retailers receive a commission of 15% of VLT net revenue and 85% is placed in the Alberta Lottery Fund. The net revenue from slot machines is divided as follows: casino operators receive a 15% commission for the space and services provided, charities receive a 15% commission for the slot operation during their licensed casino event and 70% is placed in the Alberta Lottery Fund.

Table 14-2: Distinguishing Features of VLTs and Slot Machines

FEATURES	VLTS	SLOT MACHINES
Location	• Bars and lounges (Class A Minors Prohibited) • Number of VLTs in province is limited to a maximum of 6,000	• Licensed casino facilities • Racing entertainment centres, under agreement with the Commission • Major summer fairs and exhibitions authorized by the Commission to have slot machines
Method of Awarding Prize	• Paper cashout ticket produced by the VLT for redemption	• Coin dispensed by the hopper into the coin tray of the slot machine. Larger prizes are paid by cheque.
Division of Net Revenues	• 15% VLT retailer commission • 85% Alberta Lottery Fund	• 15% to charities or First Nation bands who hold casino events • 15% to casino operator • 70% placed in Alberta Lottery Fund • (net revenue from Racing Entertainment Centre slot machines is divided as follows: racetrack operator 15%, and Alberta Lottery Fund 85%)

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[1] The *Criminal Code* (Canada) refers to electronic gaming devices as "slot machines" (sub-section 198(3)). Alberta's *Gaming and Liquor Act* refers to electronic gaming devices as "video lottery terminals" (section 1 (1) (hh)).

FEATURES	VLTS	SLOT MACHINES
Games Offered	Video: • Spinning reel • Multi-lines • Card games (blackjack, poker) • Keno	• Video spinning reel • Mechanical spinning reel • Video multi-lines • Mechanical multi-lines • Video card games (blackjack, poker) • Video keno • Progressive games
Minimum/ Maximum Wagers	• 25 cent credits • Maximum bet $2.50	• From 5 cents to $4.50 • Maximum wagers depend on game

Minimum/Maximum Prizes	• Average payout 92%
	• Maximum prize: 4,000 credits or $1,000
		• Average payout 92%
		• Maximum top prizes:
		  • depend upon game
		  • some progressive game prizes have produced top prizes approaching $725,000

D. VLT Plebiscites in Alberta

The Lotteries Review Committee made the following recommendation in its 1995 report *Future Directions for Lotteries and Gaming*:

> Communities should be able to decide by plebiscite to prohibit VLTs in their community. Through the Municipal Government Act, people could petition their local council to hold a plebiscite on the issue. The Government of Alberta would honour the outcome of such a vote. If community members vote not to allow VLTs, they would not share in the revenue from VLTs. However, they would continue to share in all other lottery revenues.

The provincial government adopted the first part of this recommendation, to honour the outcome of municipal plebiscites on VLTs. However, the government indicated it would permit those communities that would vote against VLTs to continue to share in the revenues rather than exclude them, as was recommended. Thus qualified local charitable or non-profit groups in any municipality, regardless of whether a plebiscite vote was held, could continue to apply for and receive lottery funds for eligible charitable or non-profit initiatives.

Rules for Municipal Plebiscites

A municipality does not have jurisdiction over video lottery terminals (VLTs). The jurisdiction over VLTs, as with lotteries and gaming generally, rests entirely with the provincial government.

The Municipal Government Act sets forth the rules for conducting plebiscites by municipalities. A municipality can gather information (seek the views of its electorate) about an issue outside its mandate. In effect, the intent of the process of conducting a municipal plebiscite regarding VLTs would only be to gather information for the Alberta Gaming and Liquor Commission.

This has implications for the manner in which a VLT plebiscite should be held.

The Plebiscite Question

As the matter of VLTs falls outside the municipality's jurisdiction, the question in a municipal plebiscite should be carefully worded to ensure it is clear the plebiscite is only gathering information (the views of the electorate) and reporting this view to another level of government. That is, the question should not give electors the impression the municipality has any jurisdiction in the matter, but is only gathering information.

Two Ways to Initiate a Plebiscite

There are two possible ways to initiate a municipal plebiscite regarding VLTs: (1) by petition of electors or (2) by municipal council resolution to conduct a plebiscite.

Citizen Initiated VLT Plebiscite - Under the Municipal Government Act, electors in a municipality who make up 10% of its population could successfully petition the municipality to hold a plebiscite. The municipality would be obliged to conduct a plebiscite if the question dealt with a matter within its jurisdiction, in which case the municipality would also be obliged to carry out the wishes of electors following the vote.

However, as VLTs fall outside the municipality's jurisdiction, the question in the petition must be worded just as carefully as the plebiscite question. If council receives a valid and appropriately worded petition with the required support, municipal council must then decide whether or not to hold a plebiscite. If council decides against it, council could face other issues regarding the matter of respecting citizens' wishes.

Municipal Council Resolution to Conduct a VLT Plebiscite - A municipal council may initiate a VLT plebiscite through a resolution of council to do so, without a requirement for a prior petition of electors. A council may take this approach, for example, if it views the matter as being important enough to its citizens to warrant a plebiscite. The comments in regard to a *Citizen Initiated VLT Plebiscite* also would pertain to a council initiated VLT plebiscite.

After a VLT plebiscite is held, the municipal returning officer could simply provide the result directly to the provincial government, which would take whatever actions it deems appropriate. There are no further requirements of municipal council in the matter after the plebiscite is held.

VLT Plebiscites Held in Alberta

A number of communities in the province have held plebiscites on whether or not to retain VLTs in their respective communities. Those communities represent more than 75% of the province's total population. Most have voted to retain VLTs, although in some cases the margin of acceptance was narrow.

Following are highlights of the plebiscites starting with the first held in the spring of 1997.

Chronology

- *Town of Rocky Mountain House* - 34 VLTs were removed from six locations on April 7, 1997, following a plebiscite in which voters favoured their removal. The plebiscite was initiated by a petition of residents to town council.

- *Town of Sylvan Lake*- 26 VLTs were removed on October 4, 1997, following a plebiscite in which voters favoured their removal by a narrow majority of ten votes. The plebiscite was initiated by town council without a prior petition from eligible voters.

By the end of 1997 plebiscites were held in three other municipalities, as follows:

- *Town of Barrhead* - Residents voted to keep VLTs.

- *Regional Municipality of Wood Buffalo* - Residents voted to remove VLTs. The Oil Sands Hotel in Wood Buffalo challenged the municipality's authority in court to put the VLT plebiscite question to its citizens, arguing the matter was beyond its legal jurisdiction. The court upheld the municipality's authority to do so and the hotel operator appealed the decision to the province's appeal court, which upheld the lower court decision.

- *Town of Lacombe* - Residents voted to remove VLTs. There was a narrow majority of nine votes in favour of removing VLTs out of a total 1,845 votes cast. VLT retailers challenged the validity of its VLT plebiscite, contending that non-residents voted in it, contrary to plebiscite rules. The court upheld the view of the plaintiff and the vote was deemed invalid. In a second VLT plebiscite, held in conjunction with the general municipal election of October 1998, residents voted to remove the VLTs.

The Commission notified both Wood Buffalo and Lacombe it would not take any action to remove the VLTs pending the outcome of the legal matters regarding the VLT plebiscites in those communities. To date, VLTs remain in both communities due to other, ongoing legal challenges, as described below under "Resulting Legal Challenges."

Plebiscites Held on October 19, 1998

Thirty-six communities across Alberta, including Edmonton and Calgary, held VLT plebiscites in conjunction with the general municipal elections of October 19, 1998. Most of the information in the following table was provided by Municipal Affairs and indicates the unofficial results from each of the municipalities that held VLT plebiscites. In some cases unofficial results were obtained through media reports.

Chart 14-1: Unofficial Results of Municipal VLT Plebiscites held on October 19, 1998

MUNICIPALITY	TOTAL	REMOVE	KEEP	RESULT
Cities				
City of Calgary	249,280	104,999	144,281	Keep
City of Camrose	4,393	2,002	2,391	Keep
City of Edmonton	162,413	80,964	81,449	Keep
City of Fort Saskatchewan	3,663	1,526	2,137	Keep
City of Leduc	4,540	1,827	2,713	Keep
City of Lethbridge	23,048	11,342	11,706	Keep
City of Medicine Hat	19,895	7,864	12,031	Keep
City of Red Deer	15,342	7,178	8,164	Keep
City of Spruce Grove	4,330	1,963	2,367	Keep
City of St. Albert	16,838	7,046	9,792	Keep
City of Wetaskiwin	3,193	1,377	1,816	Keep
Total Cities	506,935	228,088	278,847	
	100%	45%	55%	
Towns				
Town of Beaumont	1,865	727	1,138	Keep
Town of Black Diamond	586	178	408	Keep
Town of Bruderheim	292	106	186	Keep
Town of Canmore	2,513	1,389	1,124	Remove

MUNICIPALITY	TOTAL	REMOVE	KEEP	RESULT
Town of Cardston	1,305	1,219	86	Remove
Town of Coaldale	2,135	1,280	855	Remove
Town of Coalhurst	298	142	156	Keep
Town of Devon	1,441	548	893	Keep
Town of Didsbury	1,086	461	625	Keep
Town of Drayton Valley	1,694	773	921	Keep
Town of Edson	1,717	672	1,045	Keep
Town of Grande Cache	1,500	584	916	Keep
Town of High Level	543	276	267	Not Submitted
Town of Hinton	3,130	1,373	1,757	Keep
Town of Lacombe	2,279	1,147	1,132	Remove
Town of Olds	2,195	831	1,364	Keep
Town of Picture Butte	651	290	361	Keep
Town of Pincher Creek	1,218	475	743	Keep
Town of Ponoka	1,779	757	1,022	Keep
Town of Stony Plain	2,106	1,092	1,014	Remove
Total Towns	30,333	14,320	16,013	
	100%	47%	53%	
Other				
Village of Breton	177	80	97	Keep
County of Lethbridge No. 26	2,542	1,376	1,166	Remove
Jasper Improvement Dist.	1,121	537	584	Keep
Strathcona County	23,311	9,936	13,375	Keep
M.D. of Opportunity No. 17	934	610	324	Remove
Total Other	28,085	12,539	15,546	
	100%	45%	55%	
GRAND TOTALS	**565,353**	**254,947**	**310,406**	
	100%	45%	55%	

Prior to the plebiscites, groups that opposed VLTs publicly expressed concerns about their social costs, including the harm to problem gamblers and their families and friends. The hospitality industry based its information campaign on two major themes: the benefits derived from VLT revenue and the freedom of individuals to choose whether or not to play VLTs.

In total, 310,345 Albertans (55% of voters) voted not to remove VLTs, while 254,947 (45% of voters) voted to have them removed.

Twenty-eight communities voted to retain VLTs, some of them by narrow margins. In Edmonton, for example, the plebiscite was won by 485 votes, or 0.3% of the total vote. Seven municipalities voted to remove VLTs and one, Cardston, did not have VLTs in the community and thus voted to prevent them from being introduced. The Town of High Level did not forward to the Commission or provincial government the results of its VLT plebiscite, in which voters were asked whether VLTs should be removed from the province (rather than its own community).

Resulting Legal Challenges

Apart from the two municipalities from which VLTs have been removed, they remain in all other municipalities that voted by plebiscite to remove them. Although the Commission was prepared to remove all those other VLTs, and had intended to do so, VLT retailers launched legal challenges against their removal. The retailers argued the Commission did not have legislative authority to implement government policy in the matter.

Madam Justice Doreen Sulyma of the Court of Queen's Bench decided in March 1999 the Commission was unauthorized to follow or consider government policy regarding the 1998 VLT plebiscites, as the *Gaming and Liquor Act* indicated the Commission was independent and the provincial statute provided no authority for the Board to take direction from government.

In response, government introduced Bill 36, the *Gaming and Liquor Amendment Act*, in Spring 1999, which was passed in May 1999. The legislation authorizes the Commission's Board to take and implement policy direction from the Minister of Gaming and gives effect to the municipal plebiscites that seek to have VLTs removed from seven municipalities.

Madam Justice Smith of the Court of Queen's Bench of Alberta granted an interim injunction prohibiting the Commission from disabling or removing VLTs pending the hearings of a constitutional challenge of the newly-introduced legislation by affected hotel owners. The primary argument raised against the amendments is that by permitting local voters to ban VLTs, the provincial legislature has attempted to confer upon local majorities powers over criminal law, which may only be exercised by federal Parliament. The province's response is that the local option is motivated by regulatory concerns that properly consider local preferences and does not infringe upon Parliament's jurisdiction.

The matter is still before the courts.

E. Current Situation Assessment: Facts and Figures

General

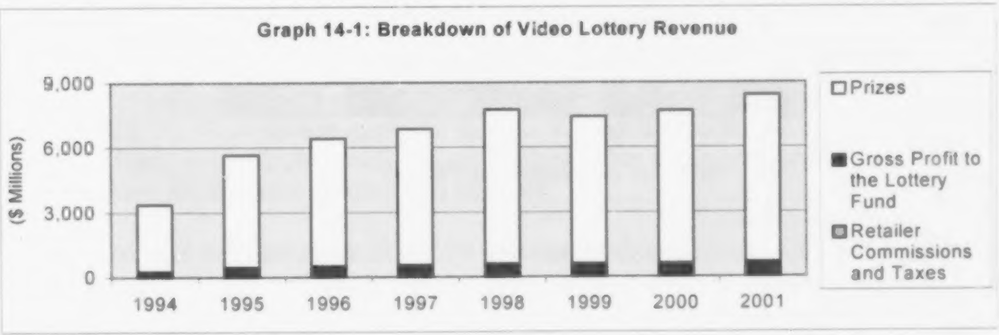
In 2000-01, video lotteries generated gross sales of $8.4 billion. Prizes amounted to $7.7 billion, or approximately 92% of gross sales. The Alberta Lottery Fund received $575 million from video lotteries in 2000-01. Retailer commissions, taxes and payments to the federal government amounted to $113 million.

Chart 14-2: Gaming Revenue from Video Lotteries

	1994	1995	1996	1997	1998	1999	2000	2001	Totals
	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)
Revenue									
VLTs	3,363	5,663	6,413	6,863	7,738	7,403	7,684	8,405	53,532
Cost of Goods Sold (COGS)									
Prizes	3,094	5,210	5,900	6,314	7,119	6,797	7,057	7,717	49,208
Retailer Commissions & Taxes	47	76	87	94	101	98	102	113	718
Total COGS	3,141	5,286	5,987	6,408	7,220	6,895	7,159	7,830	49,926
Gross Profit	222	377	426	455	518	508	525	575	3,606
Net to Alberta Lottery Fund	222	377	426	455	518	508	525	575	3,606

Gaming Revenue from VLTs

VLTs have increased the total gaming market in the province, as reflected in the dramatic increase in overall gaming revenue since VLTs were introduced to the province in 1992.



Graph 14-1: Breakdown of Video Lottery Revenue

Despite the success of VLTs in generating revenue they have also raised concerns about how readily accessible they are by citizens throughout the province.

Structure of Alberta's VLT Program

Since December, 1995, the number of VLTs in Alberta has been limited to a maximum of 6,000. Typically, eligible retailers on the VLT wait list may only obtain terminals when another licensee's business closes or its terminals are otherwise removed.

As of March 31, 2001, there were 1,266 premises across Alberta with two to seven VLTs. The following chart shows the distribution of VLTs according to number of VLTs per premises.

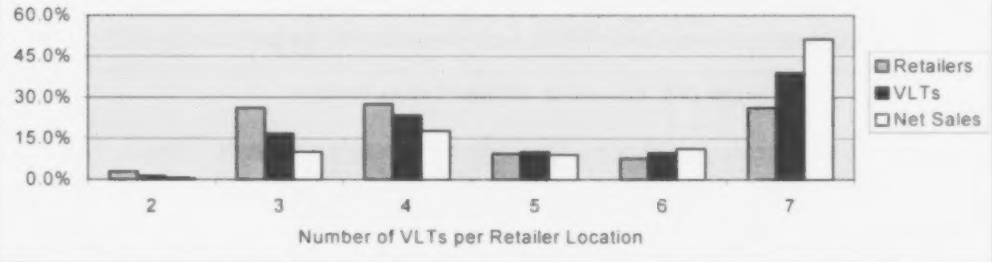
Chart 14-3: VLT Distribution in Alberta, as of March 31, 2001

Number of VLTs/Premise	2	3	4	5	6	7	Total
# Retailers	37	332	349	120	97	331	1266
(%TOTAL VLT Network)	2.9%	26.2%	27.6%	9.5%	7.7%	26.1%	100%
# VLTs	74	996	1396	600	582	2317	5965
(%TOTAL VLT Network)	1.2%	16.7%	23.4%	10.1%	9.8%	38.8%	100%
Net Sales (%TOTAL)	0.6%	10.1%	17.8%	9.1%	11.2%	51.2%	100%

Relationship Between Number of VLTs and Revenue Generated

Retailers with seven VLTs in their premises (26.1%) account for more than half of all VLT sales (51.2%) and 38.8% of all VLTs in the network. A retailer with more VLTs per room typically generates more revenue per terminal, up to two times more, than a retailer with fewer VLTs.

Graph 14-2: VLT Network Share of Retailers, Net Sales, and VLTs



The reverse is the case with retailers that have fewer VLTs. Retailers with less than five VLTs in their premises (56.7%) have a larger proportion of total VLTs in the network (40.9%) than the proportion of total net sales (28.5%) generated by those VLTs. Retailers with less than five VLTs appear to have more than their "fair share" of VLTs for the sales that they generate.

Retailers with five VLTs (9.5%) account for the roughly the same proportion of total VLTs in the network (10.1%) and generate a comparable proportion of total net sales (9.1%). On balance, this group of retailers appears to have the most appropriate number of terminals allocated to them for the net sales that they generate.

Bars and Lounges that Operate VLTs

About 72% of all bars and lounges in Alberta operated VLTs as of March 31, 2001, as compared to 66% that operated them in 1995.

The number of VLT retailers in the province has grown at a higher rate than the total number of bars and lounges in the province. On March 31, 1995, there were 1,079 VLT retailers in the province. As of March 31, 2001, there were 1,266 VLT retailers, an increase of 17% in the number of venues. Meanwhile, the growth in the number of bars and lounges over this same period grew by a smaller rate of 7%.

The majority of VLTs are in urban locations (63%) and the others in rural ones (37%). Urban locations include Calgary, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, Red Deer, Sherwood Park and St. Albert. Urban locations account for 66% of net sales.

VLTs in Venues other than Hotels

In the early years of the VLT program, most terminals were installed in hotel bars and lounges whose licensees adopted the terminals as an opportunity to generate revenue and expand services. Based on the success they experienced, more bars and lounges in other locations began applying for and receiving VLTs.

As a result, from 1994 to 2001, the net sales from VLTs in hotel licensed premises grew from $194.2 million to $309.1 million, an increase of 59.2%. In the same period, net sales from VLTs in locations other than hotels grew from $74.8 million to $375.1 million, an increase of 401.5%.

Forty-five percent of VLTs were in licensed premises located within hotels and 55% in other licensed premises in 2000-01. In 1994-95 the figures were reversed: 54% of VLTs were in hotel licensed premises and 46% in other locations.

VLT Wait List

A number of bars and lounges without VLTs have been placed on the Commission's wait list to obtain VLTs. As VLTs become available, those on the wait list receive them on a first-come first-serve basis. Typically, terminals become available when a licensee's premises with VLTs closes or when the terminals are otherwise removed.

As of March 31, 2001, there were 72 eligible licensees on the wait list, qualifying for 224 VLTs. New VLT retailers are eligible for two to four VLTs at the time of installation, depending on the "critical success factors" of the location: seating capacity, population of the community and hours of operation. The principle being applied is that a licensee would not receive the maximum number of VLTs, which is seven, at the initial installation. The intent is to implement a performance monitoring policy that would allow for add-ons beyond four VLTs, a policy that has never been formally approved or implemented.

The demand for VLTs also continues among groups that currently are ineligible for VLTs, for example, operators of bingo halls and service clubs.

Single Facilities with "Multiple" Licences

As discussed earlier, in December, 1995, the government adopted a policy recommendation of the Lotteries Review Committee to allow only one licensed premises with VLTs in single facilities, such as hotels. The government indicated it would fully implement the policy in five years, by December 31, 2000, to allow for the phasing out of multiple licensed premises with VLTs in single facilities.

The final implementation of the policy has been deferred pending the completion of the Gaming Licensing Policy Review.

The definition of a facility that is being applied to new and existing retailers, to meet the criteria of this policy, is as follows:

> … a continuous physical structure with a common roof that has the same civic or commercial business unit address. Exceptions are: 1) recognized enclosed shopping malls 2) strip shopping centres and 3) office buildings. Applicants whose location qualifies as an exception to the definition of a facility must meet the following conditions to be eligible for a VLT agreement:
> (i) no overlap in directors, shareholders or management can exist with other business entities in the facility and
> (ii) businesses within the facility must operate on a competitive basis.

In the five year period, the number of single facilities with two or more bars and lounges with VLTs has decreased by 36%, to 65 from 101. The corresponding number of VLTs decreased by 40%, to 907 from 1,515 VLTs over the same period. Of the 65 multiple licence facilities as of March 31, 2001, 29 were in the greater Edmonton or Calgary areas, 12 were in other major rural cities and 24 were in smaller centres.

Hotels currently account for more than 86% of the multiple licence facilities.

The following chart shows the distribution of VLTs in single facilities according to number of licensed premises (or rooms) per facility with VLTs.

Chart 14-4: Distribution of VLTs in Multiple Licensed Facilities as of March 31, 2001

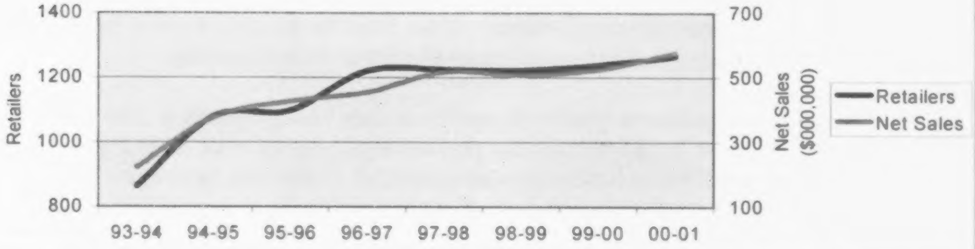
# Rooms/Facility	2	3	4	Total
# Facilities	50	12	3	65
# Agreements	100	36	12	148
# VLTs	596	238	73	907
Avg. # VLTs/Room	5.96	6.61	6.08	6.13
% TOTAL VLTs	66%	26%	8%	100%

In 2000-2001, multiple licence facilities accounted for 15.2% of terminals and 18.4% of total sales.

Revenue Figures

The graph that follows shows the growth in VLT net sales from 1994 to 2000. The revenue levels peaked in 1998, declined the following year and increased marginally in 2000. The number of VLT retailers increased from 1994 to 1997 and has been relatively stable since then.

Graph 14-3: VLT Net Sales and Retailers



Market Potential in Alberta

Player Demand

The market potential in Alberta for VLT play in the future is uncertain. It may be expected, as the provincial population increases and disposable income remains high, VLT play will increase.

In its current three-year business plan, Alberta Gaming estimates net income from VLTs will be $563 million (forecast) in 2003-04 compared to $547 million (budget) in 2001-02, a projected increase of 2.9% over the three-year period.

Demand for VLTs by Licensees and Others

Despite the uncertainty about the future market potential there clearly exists a demand by bars and lounges to provide VLT gaming to customers.

For example, as stated previously, there are 72 eligible licensees on the wait list for VLTs who would qualify for 224 terminals.

VLTs are viewed by potential retailers, such as those on the wait list, as an entertainment option for customers as well as a source of revenue. Since 72% of bars and lounges have VLTs, those that do not have them may view the playing field is not level for them.

Interest in operating VLTs has also been expressed by service clubs, bingo halls and other non-Class A Minors Prohibited locations, such as Legions.

F. Landscape of Other Provinces

General Comments

Based on general observations, there appears to be three common themes regarding VLTs across Canadian jurisdictions. They are that VLTs:

(a) Generate significant levels of revenue - It has been the success of video lottery play to generate revenue that has raised issues about this form of gaming.

(b) Are readily accessible by players in provinces with VLT programs (all are wide networks with VLTs in locations that prohibit minors) - An issue is the accessibility of residents to VLTs. All other provinces with VLT programs have more VLT locations per capita than Alberta and all except Quebec have more VLTs per capita.

(c) Based in large part on their accessibility, are felt to pose greater risks for problem gambling than other gaming activities - The concerns raised in this regard are reflected in the following responses taken by provinces:

- Atlantic provinces that permitted VLTs in premises open to the general public, including minors, have since restricted their accessibility;
- jurisdictions such as Alberta and Manitoba have allowed communities to express their wishes about removing VLTs through municipal plebiscites;
- Nova Scotia has halted expansion of VLTs and will be introducing new responsible gaming features on their VLTs over the next two to three years;
- B.C. and Ontario, which at one time were prepared to introduce VLT programs, have decided against it; and
- New Brunswick held a binding province-wide referendum on VLTs on May 14, 2001 (a slim majority of 52.9% voted to retain VLTs).

In addition, some stakeholders feel the introduction of VLTs have been responsible, at least in part, for the decline in attendance of other traditional gaming activities such as bingo and horse race wagering. It appears that jurisdictions other than Alberta have experienced similar declines, even in locations without VLTs, for example, British Columbia. Many jurisdictions throughout North America are experiencing declines in the overall racing handles and purses.

Table 14-3: Landscape of Video Lotteries in Other Provinces – at March 31, 2000

JURISDICTION	NUMBER OF VLTS / SITES	DIVISION OF REVENUE	COMMENTS
British Columbia	VLTs are prohibited.	N/A	N/A
Alberta Conducted & Managed by: Alberta Gaming and Liquor Commission. Regulated by: Same.	5,959 VLTs 1,238 sites Maximum 7 VLTs per site agreement; new locations maximum 4 VLTs. Age restricted, liquor licensed premises (Class A Minors Prohibited).	85% Alberta Lottery Fund 15% Siteholder	Minimum age: 18 Provincial maximum limit: 6,000 VLTs 1999-2000 Revenue $525.4 million
Saskatchewan Conducted & Managed by: Saskatchewan Liquor and Gaming Authority. Regulated & by: Same.	3,706 VLTs 3,570 at retail sites 136 exhibition casinos 643 Locations 641 retail sites 2 exhibition casinos 12 VLT maximum per retail site. Age restricted, liquor licensed sites.	VLT Retailer 85% SK Gen. Revenue 15% siteholder Exhibition Casinos 85% SK Gen. Revenue 15% Exhibition Association	Minimum age: 19 VLTs must not be visible to minors. Provincial cap: 3,600 VLTs Approximate total of 24 VLTs are installed at 2 racetracks for racing season only. 1999-2000 Net Revenue $214 million.
Manitoba Conducted & Managed by: Manitoba Lottery Corporation. Regulated by: Manitoba Gaming Control Commission. First Nations may establish a First Nations Gaming Commission to regulate charitable activity on reserves. MGCC Native Gaming Department negotiates these agreements, in addition to First Nations VLT siteholder agreements.	5,261 VLTs 4,482 Off-reserve 639 First Nations reserves 140* Racetrack 566 Locations 543 Off-reserve 22 First Nations 1 Racetrack Maximum 10 VLTs per license; 3 license maximum per location. Liquor-licensed sites.	Off-reserve sites 20% Siteholder 80% MLC First Nations reserve sites 90% First Nations 10% MLC Racetrack 75% Jockey Club 25% MLC	Minimum age: 18 Provincial cap: 4,482 in off-reserve sites. Electronic pari-mutuel combination games. Sites include Legions. VLTs must not be visible to minors. 1999-2000 Net Revenue $ 137.4 million.
Ontario	VLTs prohibited.	N/A	N/A

JURISDICTION	NUMBER OF VLTS / SITES	DIVISION OF REVENUE	COMMENTS
Quebec Conducted & Managed by: Loto-Quebec. Regulated by: RACJ (R'egie de alcoos, des courses et des jeux).	4,141 Locations 4,137 retail sites 4 racetracks 15,221 VLTs 14,791 retail 430 racetracks No specified VLT maximum per site. Liquor-licensed sites.	26% Siteholder* 74% Loto-Quebec *Based on statement of $278.5 total commission to retailers from $928.4 million revenue.	Minimum age: 18 Plans to commence terminal replacement this fiscal. Provincial cap: none specified. 1999-2000 Revenue $928.4 million
Nova Scotia Conducted & Managed by: Nova Scotia Gaming Corporation. Operated by: Atlantic Lottery Corporation Regulated by: Nova Scotia Alcohol and Gaming Authority	569 Locations 539 ALC 30 First Nations Premises: age restricted, liquor licensed. 3,633 VLTs 3,234 ALC 648 First Nations Maximum 5 VLTs per licensed site. Liquor-licensed sites.	25% siteholder 75% government First Nations Pay NSAGA $56 per week per terminal and retain the proceeds.	Minimum age: 19 Provincial cap: 3,234 (excludes First Nations) March 1999 – a new agreement reduced retailer commission from 30%. 1999-2000 Net Sales $138.2.0 million First Nations sites administered by the Office of Aboriginal Affairs
New Brunswick Conducted & Managed by: Atlantic Lottery Corporation on behalf of Government of NB (a shareholder in the ALC). Regulated by: Lotteries Commission of NB	777 Sites 771 off reserve 6 First Nations 2,843 VLTs Maximum 5 VLTs per licensed site. Liquor-licensed sites.	ALC Sites 24% VLT Owner 22% Siteholder 54% Government First Nations Not available.	Minimum age: 19 Provincial cap: Unconfirmed New Brunswick Coin Machine Operators own VLTs; agreement in place until 2002. 1999-2000 Net Sales $108.8 million
Newfoundland & Lab Conducted & Managed by: Atlantic Lottery Corporation on behalf of Government of NFLD (a shareholder in the ALC). Regulated by: Unconfirmed.	541 Sites 2,250 VLTs Maximum 5 VLTs per licensed site. Liquor-licensed sites.	Under $400k 24.75% Siteholder 75.25% Government Over $400k 19.8% Siteholder 80.2% Government	Minimum age: 19 Provincial cap: Unconfirmed 1999-2000 Net Sales $92.3 million

JURISDICTION	NUMBER OF VLTS / SITES	DIVISION OF REVENUE	COMMENTS
Prince Edward Island Conducted & Managed by: Atlantic Lottery Corporation on behalf of Government of PEI (a shareholder in the ALC). Regulated by: Unconfirmed.	95 Sites 423 VLTs Maximum 5 VLTs per licensed site. Liquor-licensed sites.	20% Siteholder 20% VLT Owner 60% Government	Minimum age: 19 Provincial cap: Unconfirmed 1999-2000 Net Sales $13.2 million VLTs owned by members of PEI Coin Machine Operators Association.
Yukon	No VLTs.	N/A	N/A
Northwest Territories	No VLTs.	N/A	N/A
Nunavut	No VLTs.	N/A	N/A

How Alberta Ranks Among Canadian Provinces

Number of VLTs Per Capita and Net Revenues

Alberta has fewer VLTs per capita (including those 18 years of age or older) than all provinces with VLT programs except for Quebec, as shown in the following table.

Chart 14-5: Comparison of Provincial VLT Distribution Densities at March 31, 2000

Province[1]	18+[2] Population[3]	VLTs	Sites	VLTs/1000 Adults	Rank	Sites/1000 Adults	Rank
New Brunswick	586,005	2,843	777	4.85	5	1.33	1
Newfoundland	419,031	2,250	541	5.37	2	1.29	2
Prince Edward Island	103,853	423	95	4.07	6	0.91	3
Saskatchewan	754,016	3,706	643	4.92	4	0.85	4
Nova Scotia	727,126	3,633	569	5.00	3	0.78	5
Quebec	5,727,157	15,221	4141	2.66	8	0.72	6
Manitoba	853,121	5,261	566	6.17	1	0.66	7
Alberta	2,200,347	5,959	1238	2.71	7	0.56	8
British Columbia	3,118,909	-	-	0.00	9	0.00	9
Northwest Territories	28,321	-	-	0.00	9	0.00	9
Nunavut	15,320	-	-	0.00	9	0.00	9
Ontario	8,789,409	-	-	0.00	9	0.00	9
Yukon	22,432	-	-	0.00	9	0.00	9

[1] B.C., Ontario, Yukon Territory, Nunavut and Northwest Territories do not have VLT programs.

[2] VLT play is restricted to those of legal age, which is 18 years in Alberta, Manitoba and Quebec, and 19 years in the other provinces. The table uses the 18 and over population for comparisons. Were the legal ages used for all provinces, the variances in the per capita figures would differ only marginally.

[3] Statistics Canada, Intercensal Population Estimates, July 1, 1999

According to 1997 figures, Alberta generates a higher rate of return per VLT than any other Canadian (and possibly North American) jurisdiction that has a VLT program. This higher rate of return very well could be the result of Alberta having the second lowest number of VLTs per capita among provinces with VLT programs as well as the lowest number of venues per capita, as shown in the two tables which follow. That is, the province's cost of operation is comparatively lower while the amount of play per terminal, and thus the resulting net revenue, is higher. There are other factors to be considered, such as demographics and relative levels of disposable income and consumer expenditures.

VLT Venues Per Capita

Alberta has the lowest number of VLT venues on a per capita basis (those 18 years of age or older) when compared to other Canadian jurisdictions with VLT programs.

Chart 14-6: Comparison of Provincial VLT Distribution Densities at March 31, 2000

Province[1]	18+[2] Population[3]	VLTs	Net Revenue	Weekly Net Revenue/ VLT	Rank	Net Revenue/ Adult	Rank
Saskatchewan	754,016	3,706	$ 214.0	$ 1,110	3	$ 284	1
Alberta	2,200,347	5,959	$ 525.4	$ 1,696	1	$ 239	2
Newfoundland	419,031	2,250	$ 92.3	$ 789	4	$ 220	3
Nova Scotia	727,126	3,633	$ 138.2	$ 732	6	$ 190	4
New Brunswick	586,005	2,843	$ 108.8	$ 736	5	$ 186	5
Quebec	5,727,157	15,221	$ 928.4	$ 1,173	2	$ 162	6
Manitoba	853,121	5,261	$ 137.4	$ 502	8	$ 161	7
Prince Edward Island	103,853	423	$ 13.2	$ 600	7	$ 127	8
British Columbia	3,118,909	-	$ -	$ -	9	$ -	9
Northwest Territories	28,321	-	$ -	$ -	9	$ -	9
Nunavut	15,320	-	$ -	$ -	9	$ -	9
Ontario	8,789,409	-	$ -	$ -	9	$ -	9
Yukon	22,432	-	$ -	$ -	9	$ -	9

[1] B.C., Ontario, Yukon Territory, Nunavut and Northwest Territories do not have VLT programs.

[2] VLT play is restricted to those of legal age, which is 18 years in Alberta, Manitoba and Quebec, and 19 years in the other provinces. The table uses the 18 and over population for comparisons. Were the legal ages used for all provinces, the variances in the per capita figures would differ only marginally.

[3] Statistics Canada, Intercensal Population Estimates, July 1, 1999

Payout Percentages

Pay out from VLTs is calculated as total winnings divided by total wagers and is expressed as a percentage.

Payout percentages across Canadian jurisdictions range from 90% to 95%.

The VLTs in a few provinces are regulated to pay out at minimum levels below 90% (for example, New Brunswick regulations stipulate a payout range from 80% to 90%, PEI from 80% to 93%, Nova Scotia a minimum of 80% and Newfoundland from 80% to 96%). Nevertheless, the pay out for most VLT games in those provinces fall within the 90% to 95% range.

In Alberta, the average payout percentage from the video lottery network play is 92%.

As a side note, operators of illegal "grey" machines seized in Alberta in 1998 could alter at will the percentage payout. Those machines provided main game payout percentages ranging from 54% to 78%.

G. Summary of Findings – Public Views and Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholders. This summary of findings is a snapshot of those views and perspectives with an emphasis on VLT gaming.

The review process also included a review of gaming-related literature gathered from jurisdictions around the world. A few key sources are described here.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.
- *Landscape*- The perspectives in a number of other jurisdictions, in particular other Canadian provinces.

Public

Prior to the Gaming Licensing Policy Review

The views of adult Albertans regarding gaming in general and VLTs were expressed in three key events prior to the Gaming Licensing Policy Review.

In 1995, the Lotteries Review Committee consulted with Albertans about future directions for lotteries and gaming. In its report, issued in August 1995, the committee noted it was time to ask questions about how lottery funds should be used, how to improve accountability and the impact of VLTs on communities. The committee's recommendations for VLTs have formed the basis of current VLT policy in the province.

The second event was the Lotteries and Gaming Summit in April 1998. Although VLTs were discussed at sessions held during the summit, the recommendations that followed were general ones that applied to all gaming activities. One of them was the principles for gaming need to be updated, upgraded, accepted and adhered to as firm government policy. Others related to research, funding of problem gambling prevention and treatment, the use of proceeds from gaming activities and keeping Albertans better informed of the benefits and costs of gaming activity in the province.

The third event revolved around the municipal elections held throughout Alberta in October 1998. Municipalities comprising about 75% of the province's population included a plebiscite on

VLTs during the municipal elections. In those plebiscites, most residents voted to retain VLTs, though in some cases by narrow margins. In those communities that voted to remove them, VLT retailers have prevented their removal by launching legal challenges.

During the Review

In May 2000, during the licensing policy review, the views and perspectives of adult Albertans were sought through public opinion research.

The research shows most Albertans view VLT gaming as one of the harder forms of gambling. They believe it has the greatest potential to create the most harm for players. At the same time more than half of Albertans believe it is up to each individual to control his or her own gambling.

Many Albertans feel VLTs are too accessible in bars and lounges throughout the province. While about half of adult Albertans would like to see VLT availability remain the same, only slightly fewer want them to be less available. The views of Albertans were more evenly split for the accessibility of VLTs than for any other gaming activity, in which views were more definitive in one way or the other.

Many Albertans expressed the view the most desirable location for VLTs are in dedicated gaming facilities, such as local casinos, a resort casino, or location dedicated to VLTs. A high percentage also felt a gaming room in a hotel would be a desirable location.

Most Albertans who play VLTs (about 14% of those surveyed did so in the previous 12 months) prefer to play them in bars and lounges, although many also would play them in locations dedicated to VLTs or gaming. The preference on whether to play in such locations or bars or lounges appears to make little difference to players of VLTs.

Based on the survey, the average VLT players spent about 45 consecutive minutes during a single play and spent about $37. Such players would spend about $109 per month in VLT gaming.

More than 80% of those who play VLTs indicated the introduction of VLTs has had no effect on their spending in other gaming activities, such as casino games, bingo, break opens or pull tickets, horse racing or ticket lotteries. A smaller percentage, anywhere from 8.5% to 11%, indicated a decrease in the amount they spend in those other gaming activities with the introduction of VLTs.

As with most stakeholders, the feeling among more than half of Albertans is there is a lack of information about what happens with the proceeds or revenue from gaming activities.

Among those with no recollection about ever hearing where the money goes, about half believe that most gaming proceeds go to government. When asked where the proceeds should go, the more popular responses of Albertans were, in order, to charities, health care, education and schools, community organizations and sports and recreation. About 4% said the proceeds should go toward addressing gambling addictions.

One of the more popular sources of information about gaming and VLTs is newspapers.

Stakeholders

Many of the stakeholders have some knowledge or experience with gaming licensing policies. A number of stakeholders—such as municipalities, police services, service agencies and advocacy groups—had not been consulted regularly in the past about gaming licensing policies and appreciated the opportunity to comment.

As expected, the views about VLTs and licensing policies vary based on the stakeholder's specific interests or perspectives.

Industry Stakeholders

Many industry stakeholders hold the integrity of all gaming activities to be important to the industry and believe the Commission is doing well in regulating gaming activities including VLTs. Some stakeholders expressed the view maintaining gaming integrity is an ongoing challenge given the size of the gaming industry and its growth over the past years.

A common issue among many stakeholders, those directly involved with VLTs as well as others in the gaming industry, is relatively little information is provided about the use of proceeds from gaming activities. Some stakeholders are concerned many communities view VLTs as a drain on the local economy despite the fact benefits are being derived from VLT revenue in communities across the province for charitable, non-profit and public initiatives. A number believe the subject of VLT gaming is being shaped by negative stories in the news media.

They believe more needs to be done in this regard, in particular in informing Albertans about the Alberta Lottery Fund. All of the government's share of gaming revenue, including VLT revenue and revenue from ticket lotteries and slot machines, is placed in the lottery fund.

A view expressed among some industry stakeholders is better information on the social costs and benefits would help bring clearer perspective to the impacts of gaming. A relatively small number of gaming stakeholders were aware the Alberta Gaming Research Institute was established to conduct research into gaming. The institute, a consortia of three major universities in the province, was formed in agreement with the Government of Alberta to conduct research into the social and economic costs and benefits of gaming, among other topics.

Most stakeholders expressed the view VLTs should be less accessible in the province due to perceptions of their potential harmful effects. This view is shared by the Alberta Hotel and Lodging Association, which represents a number of member hotels who are VLT retailers. For that purpose, it had earlier proposed "hotel games rooms" that would offer slot machines in dedicated gaming venues in hotels. A number of stakeholders responded positively to having VLTs in fewer locations, in response to their concerns and those of the public about the accessibility of VLTs.

Stakeholder organizations whose members include VLT retailers are concerned any major changes to VLT policies or a restructuring of the VLT network across the province could have serious financial implications for retailers who now rely upon VLT revenue in operating their bars or lounges.

Other industry stakeholders said more consistency is needed in VLT gaming policies. They cited as questionable the "multiple room policy" and the policy which reduced the maximum number of VLTs per retailer location from seven to four for new retailers. Another issue is the perceived inequity in the VLT distribution policies and the inability of the Commission to address issues that arise. For example, a location with only three VLTs may experience heavier customer demand to play VLTs than one with seven VLTs.

A member of one industry organization said delays in arriving at a final decision on the multiple room policy affects the expansion plans of hotels.

Some stakeholders involved in other more traditional gaming activities, specifically bingo and horse racing, believe VLT gaming has caused a decline in spending and attendance regarding their respective activities. Stakeholders in those industries perceive that the Commission needs to pay more attention to their respective gaming activities and in how to help them respond to declining attendance.

Municipalities and Police Services

A representative of a municipal association believes VLTs are important to many rural communities due to the value of VLTs from the revenue they bring to rural hotels.

Municipalities believe more can be done to better inform Albertans about how gaming revenues are used, where the money goes and how addictions are being addressed. This view was expressed by numerous other stakeholders.

One municipal representative said VLTs are too accessible and it should take some effort for a person to play VLTs. It was also felt it is a person's own choice as to whether they wish to participate in gaming activities.

Another municipal representative said VLTs belong in casinos rather than bars and lounges. The representative believes there are heavy social costs associated generally with gaming and concentrating VLTs in fewer locations could address some of the issues.

Police services, both RCMP and local police services, expressed a common view that information is needed on the social and economic costs and benefits of gaming, something that appears to be lacking. Such information would help determine the level of priority needed to address issues.

A common view among police services is addressing gambling crimes has not been a priority for them. They would welcome additional financial resources to focus on gambling, particularly since the gaming industry has grown substantially over the years and enforcement issues could become more significant in the future. They believe the Commission has done a good job in regulating the industry.

Service Agencies and Advocacy Foundation

A public policy advocacy group expressed the view the Commission could do a better job in balancing special and public interests and facing issues in that regard with respect to its role in regulating gaming activities while also generating revenue from them.

A compulsive gambling organization believes VLTs should be in casinos rather than in the more accessible locations such as bars and lounges. The organization feels more needs to be done to explain potential problems with gambling and that it can be harmful to people. It also expressed the view that it is too easy for players to obtain money from a cash machine next to VLTs. The government, it believes, should promote responsibility and that includes taking care of those who are "victimized" by gambling.

A problem gambling service agency said a general issue which requires addressing is the availability of gaming. That is, increasing access to more different locations to gamble is more harmful than concentrating gaming activities in fewer venues. The agency believes that more money should be spent educating and informing people about where they can go for help. The agency is concerned about any policy developments which may entice younger people to gamble.

Landscape

International reports are useful in comparing developments and policies between jurisdictions. The caution is the experiences and developments elsewhere do not always readily apply to those in the province or Canada.

Some jurisdictions, such as those within Australia, have conducted extensive reviews of their gaming industries. For example, in addressing the social impacts of gambling as its applies to its own national situation, a key finding in one Australian report is:

> On balance, venue caps can play a role in moderating the accessibility drivers of problem gambling from gaming machines - and are preferable to global caps for this purpose. But more targeted mechanism for harm minimisation would involve less collateral disadvantage to recreational gamblers and would be more effective in reducing social costs. (*Inquiry into Australia's Gambling Industries*, Final Report, released 16 December 1999)

A study was conducted on the impact of gambling in the United States by a commission appointed by the federal government. The study took two years and concluded in June 1999. The final report contained numerous recommendations related specifically to the American situation. One of them related to what is referred to as convenience gambling, as follows:

> The Commission received testimony that convenience gambling, such as electronic devices in neighborhood outlets, provides fewer economic benefits and creates potentially greater social costs by making gambling more available and accessible. Therefore, the Commission recommends that states should not authorize any further convenience gambling operations and should cease and roll back existing operations. (*National Gambling Impact Study Commission Report,* June 1999).

H. Primary Issues and Recommendations

Assessing Proposed VLT Policy Recommendations

The process for arriving at recommended VLT licensing policies was comprehensive, involving a number of steps.

The first step was to arrive at an initial assessment of current VLT licensing policies within the gaming licensing policy framework. Are VLT licensing policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about VLT licensing policies and gaming in Alberta generally. Information was also gathered about VLT activities occurring in other jurisdictions to compare developments and experiences.

That step was followed by a careful review of stakeholder perspectives, findings from other jurisdictions and assessing options to address issues related to VLT gaming in Alberta over the next five years.

As policy strategies took shape, the following question was asked: How well does a proposed policy strategy measure up to the key elements of the province's licensing policy framework? For example, the questions asked included:

- Does a proposed VLT licensing policy strategy meet the requirements of the *Criminal* Code (Canada), the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta)?
- Is it consistent with government's broad policies for gaming and for VLT gaming?
- Does it fit within the objectives and goals of the Ministry's three-year business plan?

Only policy strategies that met the key elements of the policy framework would be considered further. Recommendations were developed accordingly.

Primary Issues and Recommendations

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a number of primary issues regarding VLT policy. These issues have been categorized in the topics that follow and addressed through the respective recommendations.

A. PUBLIC INTEREST, SOCIAL RESPONSIBILITY

Albertans expect the government to manage and control gaming activities in a socially responsible manner.

POLICY POSITION:

1. Manage VLT gaming activities in a socially responsible manner.

The Commission works closely with the Alberta Alcohol and Drug Abuse Commission (AADAC) in its problem gambling initiatives. For example, the Commission has cooperated with AADAC in developing problem gambling awareness training for staff at VLT retailer locations. By policy, the Commission requires VLT retailers post or make available information about problem gambling programs to their customers. That includes a toll-free number people may call to access the services of AADAC.

A few general recommendations have been made in the area of social responsibility that apply to VLT gaming. They include incorporating responsible gaming features in new or replaced VLTs, controlling access to automatic teller machines and compulsory problem gambling awareness training for staff of retailers that operate electronic gaming devices such as VLTs. See the recommendations under "Public Interest, Social Responsibility" in the section "Gaming in General."

VLT RECOMMENDATION - 1

- **Prior to making a decision on whether or not to enter into a video lottery retailer agreement with a prospective retailer, the Commission will consider any demonstrated local government and/or public objections to an agreement with the retailer.**
  Comment - Currently, a prospective retailer on the VLT wait list must post a sign prominently in the premises, visible to patrons, indicating an application has been made for VLTs. This is required three months before the prospective retailers is expected to obtain them. By policy the Commission should consider any objections raised by residents in the community and/or local government officials before making a final decision on entering into a VLT agreement with the prospective retailer. This is consistent with the view of Albertans who wish to have input on gaming matters.

B. ELIGIBILITY

The number of VLTs operating in the province is limited to a maximum of 6,000, a limit that has been in effect since December 1995. Under the current policy the demand for VLTs by bars and lounges will continue to exceed their supply. For that purpose, a wait list has been created. VLTs are re-allocated to a licensee on a VLT wait list only when an existing VLT retailer closes business and the terminals in the premises become available for re-allocation. VLTs have proven to meet a consumer demand for entertainment options and contributed to the revenue of retailers (who receive a commission of 15% of the net revenue). Other establishments without a Class A Minors Prohibited licence have requested VLTs, for example, branches of Legions, services clubs, and bingo halls. Should current eligibility criteria be revised and, if so, on what basis?

POLICY POSITION:

1. **A key requirement for VLT gaming is that the facility in which it is offered must be restricted to those of legal age.**

   Albertans have indicated gaming activities should be restricted to players who are 18 years of age or older. More than half of Albertans have indicated the accessibility or availability of VLT gaming should remain the same and less than half indicated it should be reduced.

VLT RECOMMENDATION - 2

- **Only qualified licensed bars and lounges (Class A Minors Prohibited licensees) that are in operation may apply for VLTs.**
  Comment - This recommendation is consistent with the current policy for VLT eligibility, however, it requires the bar or lounge that applies for VLTs must be operating at the time of application. That is, the business must be open for business before the Commission will consider accepting an application for VLTs. This recommended policy is to prevent and discourage the past practice among some VLT applicants who have obtained a Class A Minors Prohibited licence but do not open their bar or lounge until they are about to obtain VLTs (that is, when near the top of wait list for VLTs). In such cases, the Commission has no track record by which to base a decision whether to install VLTs in the location.

C. AVAILABILITY, ACCESSIBILITY, NETWORK ACTIVITIES

A concern of many Albertans and stakeholders is VLTs are too accessible. Any further accessibility would be of great concern. VLT retailers have expressed their concern about any major changes being made to VLT policies or a complete restructuring of the VLT network within the province. They believe this could bring serious harm or jeopardy to their businesses which, in some cases, have come to rely upon VLTs.

POLICY POSITION:

1. **Develop reasonable and practical policies to reduce the accessibility of VLTs.**

   The recommendations that follow are aimed at striking a balance between the social concerns related to accessibility and the financial or economic value of VLTs to the province's retail businesses and the Alberta Lottery Fund. The recommendations are expected to reduce the number of locations offering VLTs by approximately 10 to 15 percent over three years. The program would be assessed on a regular basis during that time to ensure the objectives of the recommended policies are being met.

VLT RECOMMENDATION - 3

- **Move toward a greater concentration of VLTs in fewer locations.**
  Comment - This involves re-allocating VLTs from a broad, existing base of VLT locations to fewer locations with more VLTs per location. This would also allow the Commission to more effectively control and manage the accessibility of VLT gaming in the province. Problem gambling initiatives may be more effectively focused in fewer locations than in the current number of locations.

  The strategies to arrive at a greater concentration of VLTs in fewer locations are discussed in the recommendations that follow.

VLT RECOMMENDATION - 4

- **Allow for dedicated VLT gaming venues. Such venues would have from 15 to 25 VLTs and operate under enhanced facility standards.**
  Comment - The recommended venues would serve as VLT gaming entertainment centres provided by eligible retailers within the hospitality/tourism industry for their visitors or customers. Each venue would be required to meet facility standards that are consistent with the public interest in safe and clean, modern environments for gaming activities (currently VLT retailer locations are subject to few facility standards other than basic security requirements).

  The enhanced facility standards for dedicated VLT gaming venues would apply to the size, configuration and security features of the facility. They would include separate entrances and exits, appropriate exterior and interior signage, video surveillance cameras and other security features. As the dedicated VLT entertainment centres are intended to supplement hospitality/tourism services, the appropriate complementary services should be available immediately adjacent to the dedicated VLT gaming venue. Such services should include, for example, accommodation, other entertainment activities and full dining service.

  By adopting such facility standards, the recommended venues would be clearly distinguished from other dedicated gaming facilities (such as casinos that offer a range of distinct gaming activities) and existing bars and lounges with VLTs.

VLT RECOMMENDATION - 5

- **Generally impose more stringent controls on the number and size of dedicated VLT gaming venues in the province.**
  Comment - The venues that may be authorized by the Commission for dedicated VLT gaming would have to meet stringent facility standards. Their number will initially be limited to a maximum of 65, the same number of single facilities in the province that currently have more than one bar or lounge with VLTs. Not all of those facilities may meet the requirements for a dedicated VLT gaming venue. Existing VLT retailers are eligible to apply provided they meet the enhanced facility standards.

  Each dedicated VLT gaming venue would be eligible for 15 to 25 VLTs and be subject to performance monitoring. Initially 1,000 VLTs would be made available for distribution to these dedicated VLT gaming venues within the existing maximum limit of 6,000 VLTs. Once the total maximum number of VLTs or venues is achieved, any other eligible retailers who wish to operate a dedicated VLT gaming venue will be placed on a waitlist for such venues.

VLT RECOMMENDATION - 6

- **Single facilities that currently have more than one licensed premises with VLTs will be required to comply with the current policy before December 31, 2002 (that is, to have only one licensed premise with VLTs in a single facility). Their option is to meet the enhanced facility standards for the recommended dedicated VLT gaming venues under the same time limitation.**
  Comment - The current policy limits a single facility to one licence with no more than seven VLTs. This policy was in response to a recommendation of the Lotteries Review Committee. The intent of the policy was twofold: to reduce the possibility of a single facility, such as a hotel, from creating many separate areas so each one could apply for and receive more VLTs; and to free up VLTs so they could be allocated to bars and lounges on the VLT wait list. The net result of the policy, over time, was to spread the VLTs across more bars and lounges throughout the province and thus increase accessibility. The policy was to be fully implemented by December 31, 2000, but deferred pending the outcome of the Gaming Licensing Policy Review.

  There are 65 single facilities with 148 VLT retailer agreements and 907 VLTs in Alberta as of December 2000. Combined with the other recommendations in this report, this recommendation addresses the concerns of accessibility while allowing facilities with multiple VLT agreements the option of developing dedicated VLT gaming venues with higher facility standards.

  As with all other prospective VLT retailers on the VLT wait list, the Commission would consider any community and/or local government objections before deciding to authorize a dedicated VLT gaming venue.

POLICY POSITION:

2. Maintain the number of VLTs operating in the province to the current maximum limit of 6,000 and develop fair, objective and transparent policies and procedures for the allocation of terminals.

It is expected as the population and disposable income continues to grow, there will continue to be increased demand for leisure or entertainment activities such as gaming, including VLT gaming. The recommendations under Policy Position 1., above, will further limit the number of locations with VLTs in the future. Therefore it will be *critical* the policies to allocate the limited base number of VLTs be fair, objective and transparent.

VLT RECOMMENDATION – 7

- **Given the recommended changes for VLTs in the province, ensure the allocation of VLTs continues to be fair, objective and transparent.**
  Comment - It is recommended all new VLT retailers authorized by the Commission initially receive three VLTs, instead of the current initial installation of from two to

four VLTs. Subject to performance monitoring, as described in the following recommendation, the location may at some time become eligible for five, seven or 10 terminals. Combined with performance monitoring, this will help to optimize the distribution of terminals and reduce accessibility.

Under current policy, the maximum number of VLTs for new retailers is four. The previous maximum was seven VLTs per retailer. Retailers that operated seven VLTs in 1996 were grandfathered with that number. Prior to 1996, the maximum number per retailer was 10. At that time the plan was to have 8,000 VLTs in the province, which has since been reduced to a maximum limit of 6,000 VLTs. The policy changes made in 1996 resulted from the government adopting recommendations of the Lottery Review Committee.

Allowing for five, seven or 10 VLTs allow for a more efficient management of the VLT network in the province than if single VLTs were to be added or removed. These numbers also lend themselves to the recommendation to reduce accessibility of VLTs by moving toward a greater concentration of VLTs in fewer locations.

VLT RECOMMENDATION - 8

- **Optimize the distribution of VLTs through performance monitoring.**
  Comment - About 75% of bars and lounges in the province have VLTs. There is a strong demand for VLTs from many bars and lounges that do not have them and for more VLTs from existing VLT retailers. An effective, objective, transparent and fair way to allocate VLTs, and limit and reduce their accessibility, is through performance monitoring. Performance monitoring allows the Commission, on an ongoing basis, to review the demand or sales in each location. Based on specific criteria, VLTs would be re-allocated from locations with lesser demand or poorer sales to those experiencing greater demand or higher sales. Combined with the previous recommendations on dedicated VLT gaming venues and establishing a level playing field for initial allocations, it is estimated the net result will be approximately 10% to 15% fewer VLT locations over three years. Allowance would be made for the lone VLT retailers in rural communities to be exempted from potentially having their VLTs removed due to performance monitoring.

VLT RECOMMENDATION - 9

- **Allow a business that purchases an existing licensed premise with a certain number of VLTs to keep those VLTs in the premise.**
  Comment - Under current policy whenever an operator of a facility with VLT changes, all but four VLTs are removed from the facility. Two VLTs is the current minimum allocation of VLTs for new retailers. This policy applies regardless how many VLTs were being operated immediately before the change of operator occurred, or what the level of demand may have been. The policy's aim was to re-allocate VLTs to the wait list. However, over time this has resulted in increased accessibility to VLTs by expanding the number of locations receiving VLTs. To continue this policy would be inconsistent with the other recommendations in this report, including those aimed to reduce VLT accessibility through performance monitoring. Therefore this recommendation is being made.

VLT RECOMMENDATION - 10

- **A relocation of an existing VLT retailer will result in the termination of the video lottery agreement except under specific, reasonable circumstances.**
  Comment - Specific circumstances include fire or other unexpected or uncontrollable event (*force majeure*).

VLT RECOMMENDATION - 11

- **Develop a set of clearly defined and specific penalties that may be assessed against retailers for violating terms or conditions of the VLT retailer agreement.**
  Comment - This would give the Commission a way to address violations through measures other than termination of the VLT retailer agreement. Otherwise, the only recourse for VLT retailers is the legal one, through the courts.

D. FINANCIAL CONTROL, SECURITY

POLICY POSITION:

1. **Protect public revenues (Alberta Lottery Fund proceeds) generated by video lotteries.**

Video lottery terminals and the associated equipment are assets of the Commission. They are managed on behalf of the province to generate proceeds for the Alberta Lottery Fund.

VLT RECOMMENDATION - 12

- **Maintain strict financial controls for the collection of revenue.**
  Comment - The policy processes and procedures must ensure the collection of revenue from VLTs continues to be subject to strict financial controls, to minimize the risk of loss. Accordingly, the processes and procedures should be reviewed regularly for this purpose and enhanced wherever appropriate.

VLT RECOMMENDATION - 13

- **Through the business planning process, the Commission will develop clear policies for the systematic upgrading or replacement of terminals and central computer system equipment.**
  Comment - VLT retailers regularly approach the Commission to introduce new VLT games or technology. The industry average standard for the average life of a VLT is five to seven years. Criteria should be established or clarified through the annual business planning process for replacing or upgrading old technologies with new ones, including a requirement for responsible gaming features in VLTs as recommended in the section "Gaming in General" under "Public Interest, Social Responsibility."

INTERNET

THE USE OF THE INTERNET FOR GAMING

Contents

A. Introduction
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C. Internet Gaming Policies
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A. Introduction

Internet gaming or e-gaming refers to a gambling activity that is played on or through a computer connected to the Internet.

As none of the gaming policies currently in effect allow for the conduct and management of Internet gaming in the province, this section offers general background about Internet gaming. It includes a cursory overview of Internet gaming activities in Canada and internationally.

This section also provides highlights of some key views and perspectives of adult Albertans regarding Internet gaming. The perspectives of stakeholders are also provided.

This section concludes with recommendations to address the primary issues regarding Internet gaming.

B. Background

Following are two definitions of Internet:

> *Internet* - A decentralized, global system of interconnected computer networks, used for electronic mail, on-line discussion, information retrieval, and other services (*Canadian Dictionary of the English Language*).
>
> *Internet (Net)* - The global network that links most of the world's computer networks. It does not offer services to users, but serves primarily to interconnect other networks on which services are located. These include basic services for electronic mail, the transfer of computer files, and remote log-in, and high-level services including the World Wide Web. The Internet is informal, with a minimal level of administration by governing bodies (*Oxford Concise Colour Science Dictionary*).

Internet gaming or e-gaming refers to a gambling activity that is played through a computer connected to the Internet. Essentially Internet gaming involves "…on-line wagering using a personal computer and a modem."[1]

Under provisions of the *Criminal Code* (Canada), any lottery scheme operated on or through a computer or electronic device in Canada may only be conducted and managed by a provincial government. None of the provincial governments in Canada is conducting and managing a lottery scheme using the Internet.[2] A few jurisdictions have used the Internet for gaming-related promotions, as described under "Current Situation Assessment".

Regulating Internet Activities

Typically a gaming web site may be accessed by anyone in the world with a computer equipped to access the Internet. Exceptions are sites that may control or restrict access to certain players, for example, those of its citizens or, in some cases, the residents of foreign countries.

A number of jurisdictions throughout the world have authorized gaming web sites. The level of regulation varies according to the jurisdiction that has authorized or licensed companies to operate e-gaming sites. Moreover, there may be sites that are not licensed or authorized. Given these circumstances, the local or foreign consumer engages in e-gaming at his or her own risk since it is difficult or impossible to vouch for or ensure the integrity of such sites.

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[1] From *Report on Gaming Legislation and Regulation in British Columbia*, January 1999 (the "B.C. White Paper on Gaming"). The report notes: "Players can access virtual casinos anywhere in the world, where they may bet on simulated card and dice games, slot games, sports, lottery products, scratch cards and bingo. The Internet has globalized the gaming industry."

[2] The Province of PEI has licensed a lottery scheme that would use the Internet to sell tickets worldwide. However, the lottery's web site has yet to be activated, pending the outcome of a legal suit by the Interprovincial Lottery Corporation. Further details about this case are provided in this section.

> Many jurisdictions around the world have begun issuing Internet gambling licenses to Web site operators. Some, like Australia, view gambling over the Internet as an unstoppable force and therefore wish to regulate it in an effort to protect consumers. Others, like the controversial Caribbean and Pacific Island Nations, utilize Internet gambling Web sites as a form of tax revenues for the government (Bear Stearns, January 2000).

There are other regulatory issues regarding Internet gaming. For example, since the Internet may be accessed in the privacy of one's home the "anonymity inherent in computer gaming makes it virtually impossible to enforce existing minimum age restrictions established to protect minors…" (B.C. White Paper on Gaming, 1999).

Nevertheless, web site operators may require players provide age identification before allowing play, for example, through social insurance numbers, driver's licence numbers, etc. Some jurisdictions have taken similar approaches to ensure access to their gaming sites is restricted to state residents. For example, Nevada has authorized sport book betting over the Internet, but its law restricts the access to sport book betting web sites to Nevada residents.

Another issue with Internet gaming is it may exacerbate the problems faced by those with gambling problems due to its accessibility, convenience and the ability to play in the privacy of one's home. Although there have not been any Internet gambling web sites authorized by gaming jurisdictions in Canada, about two percent of adult problem gamblers in Alberta have accessed the Internet for purposes of gambling (Wynne Resources Ltd. and AADAC, 1998). The sites being accessed most likely were operated by off-shore companies.

Growing Use of the Internet

The Internet is an efficient and effective medium that is used by business, government, public institutions and millions of home users across the world.

Bear Stearns, a financial management corporation based in the U.S., issued a report on e-gaming in 2000. The company indicated various factors have resulted in the growth of the Internet in general. Two of them are the wide penetration of personal computers (PCs) in businesses and homes and technological advances that have increased connection speed encourage Internet use.

The report estimated the amount of Internet traffic doubles every 100 days. Moreover, it expected the Internet economy to be about $507 billion dollars in 1999. As the Internet has become viable and practical for communications and conducting commercial transactions, or e-commerce, its growth has coincidentally spurred the growth of e-gaming:

> E-gaming combines the fast-growing Internet media with the lucrative gambling and wagering market. The global gambling industry began to capitalize on the rising popularity of the Internet commerce in 1997, when legal Internet wagering began in Australia through NetTAB, an Internet wagering system originally owned and operated by the New South Wales state government. There were only 40 gambling Web sites worldwide in 1997. Since then, Internet gaming companies have taken root across the world, in locations such as Dominican Republic, Antigua, and Canada (Bear Stearns, January 2000).

Although Internet gaming software development companies have been established in Canada, none has been authorized by a provincial gaming authority to operate a gaming website within its jurisdictional borders. As discussed later in this section, companies in Canada have developed Internet gaming software for companies operating outside Canada.

Bear Stearns provided the following estimates on the size and potential growth of e-gaming in 2000.

> Currently, our estimates show approximately 250 public and private companies that share in the ownership, development, and operations of more than 650 "e-gaming" Web properties worldwide. While Internet gambling operator revenues are difficult to track, Internet gambling wagers are estimated at approximately $1.2 billion in 1999, which is nearly an 80% increase from 1998. At the current rate of growth of the on-line gaming industry, we estimate that total wagers could exceed $3.0 billion by 2002 (ibid.).

According to *The Gaming Industry Weekly Report* (3/19/01), Bear Stearns issued another report on e-gaming in 2001 which indicated:

> … the number of [gaming] sites have more than doubled in the last year, growing to 1,200-1,400 from 600-700 a year ago and the sites are getting sophisticated. Bear Stearns said that their research tells them that legislators in the U.S. realize how difficult it would be to ban online gaming from every computer in the U.S. They feel that the government would be more successful at shaping a regulatory landscape.

E-commerce and Use of Credit Cards

The most common form of payment for gambling on the Internet is with the credit card. However, there are drawbacks with credit card payments, in particular their high transaction costs and concerns about security of processing credit card transactions over the Internet.

Credit cards companies have responded by introducing security features. For example, Visa has launched an Internet credit card to customers. It sends a series of numbered cards to a customer, all charged to the same account. The customer uses a new card and number for each transaction to curtail fraudulent use of credit card numbers.

A payment option, rather than the use of credit cards, is e-cash or e-money, in which all transactions are processed through a bank rather than a business. The customer sets up an account and deposits money in a bank to use for Internet business. The bank receives an encrypted message when the customer wants to purchase something using the e-cash.

> The bank then debits the customer's account for the amount requested and the customer can use this money at Internet retailers that accept e-cash (ibid.).

Bear Stearns describes the process of paying for bets or wagers as follows:

> Internet gambling transactions are conducted much like those of e-commerce, with a few exceptions. Internet bettors set up a credit or cash account with a licensed bank in the jurisdiction in which the Internet casino is located, and funds will be added and subtracted as the wagers are recorded. The Internet casino simply transmits the transaction to the bank at which the player's account is set up, and most provide full transaction reporting for all bettors. For credit card companies, this system can result in a liability (ibid).

Given that gambling by Internet may be illegal in some jurisdictions, credit card companies could face liability for facilitating transactions in illegal activities. They have taken measures in response to possible liability. For example,

> In July of 1999, Mastercard International announced it had set new regulations affecting the use of its cards for Internet wagering as part of an out-of-court settlement in the case [in California]. The rules, similar to ones already in place by Visa, will require Internet casinos with merchant accounts to post Web notices stating that Internet gaming is illegal in certain jurisdictions. The on-line forms will also be required to ask potential clients where they live and keep a record of that information. Banks will be advised by encoded transaction data when wagers are being placed on MasterCard (Nova Scotia Alcohol and Gaming Authority, *Annual Report 1998/99*).

C. Internet Gaming Policies

The legal framework for gaming in Canada is the *Criminal Code* (Canada). In Alberta, the *Criminal Code*, the *Gaming and Liquor Act* (Alberta) and *Gaming and Liquor Regulation* (Alberta) form the province's legal framework for gaming. Although the legislation and regulation address gaming, none of them specifically addresses Internet gaming.

Any gaming activity is illegal unless there is a legislative exemption in the *Criminal Code* that would permit a gaming activity to occur. Moreover, the *Criminal Code* requires any lottery scheme operated on or through a computer or electronic device in Canada may only be conducted and managed by a provincial government.

The *Gaming and Liquor Act* (Alberta) permits certain gaming activities in the province subject to authorization or approval by the provincial government or the Commission on behalf of the province. For more details regarding legal requirements, please refer to the appendix "Legislative Requirements and Considerations."

Use of the Internet to Advertise Lottery Schemes

The Commission acknowledges the use of the Internet strictly for advertising or promotions of authorized gaming activities. For example, the Commission's terms and conditions for licensed raffles, a form of charitable gaming in the province, state:

> Tickets shall not be sold or advertised outside the Province of Alberta. Internet advertising and other advertising that may inadvertently appear outside of Alberta, shall specify that tickets will be sold within Alberta only (section "F. Advertising" of *Raffle Terms and Conditions: Total Ticket Value $10,000 and Less*; and of *Raffle Terms and Conditions: Total Ticket Value More Than $10,000*).

Use of the Internet for Other Purposes

The Commission has authorized the use of the Internet for commercial purposes related to the sale of liquor and charitable raffle tickets. A Calgary on-line liquor service, Bombay Liquor, may take orders 24 hours per day. While orders may be placed at any time during the day the actual delivery of liquor must occur during licensed hours for deliveries.

Other charitable organizations, such as the NAIT Foundation, have used the Internet as a sales and distribution channel for their major raffles or sports pools. In these cases, the consumer can download and print the entry forms through their computer. The completed entry form and payment is then returned by regular mail, e-mail, fax or in person and entered into the lottery scheme.

D. Current Situation Assessment

Developments Affecting E-Gaming in Canada

While an Internet gaming site has not been launched in Alberta or elsewhere in Canada under the conduct and management of a provincial government, there have been a number of e-gaming developments in Canada and elsewhere that deserve mention. Those developments include the following:

1. *Off-shore e-gaming sites, operated by companies outside North America, may be accessed by citizens of Canada and the U.S.* - There are an estimated 1,200 to 1,400 offshore e-gaming web sites that accept bets or wagers on horse racing, dog racing, sports books, casinos and bingo. Many of these sites accept wagers or bets from consumers in their own and other jurisdictions. Some are aligned with celebrities such as singer Kenny Rogers or boxer Larry Holmes. E-gaming web sites may be strictly or loosely regulated, depending upon the jurisdiction in which they are located.

2. *Reputable U.S. casinos plan to activate on-line gaming web sites* - At one time the casinos of Las Vegas (those who operated "brick and mortar" casinos) opposed unregulated on-line casino websites. Today they oppose any ban on Net wagering. Large reputable casino companies such as MGM Mirage and Harrah's have announced plans to design online casinos. Such online casinos would be activated at an appropriate time. "With their play for fun sites, they are already building a large customer base that they can easily tap if the regulatory environment becomes more accommodating" (*The Gaming Industry Weekly Report*, March 2001). The casino companies recognize that on-line gaming and gaming at their casino facilities are two different experiences, and that, when ready to go, they can through their online gaming eliminate questionable operators and boost the industry's credibility.

3. *There is a wide array of sports pools available on the Internet* - Many sports pools are available on the Internet and could number in the thousands. A range of products are offered. For example:

   - free promotional pools intended to create web site loyalty, such as those hosted by the NHL and Molson;
   - online pools in which players pay an entry fee and compete for significant cash prizes, such as NAIT-The Edmonton Journal Summer Golf pool's weekly results and standing which were offered through the Internet; and
   - host web sites that, for a fee, provide software and maintenance of a web site in which individuals can host "office pools".

   The U.S. National Gambling Impact Study Commission noted in its 1999 report:

   > According to National Football League estimates, the Internet sports-gambling market will reach $750 million by the end of 1999. Whereas casino-style games can generate concerns over the possibility of tampered results, the outcome of sporting events are public knowledge and are assumed to be beyond the control of the site operator.

4. *The Internet is used by North American gaming jurisdictions to provide information related to gaming, winning numbers, winner information, etc.* - The North American Association of State and Provincial Lotteries (NASPL) web site identifies four Canadian jurisdictions and 38 U.S. states that maintain web sites that provide gaming information. For example:

   - The British Columbia Lottery Corporation (BCLC) asked players to share their lottery fantasies over the Internet during the release of the instant ticket "Set for Life" in September 2000. Those who responded over the period of one month were asked to describe how $1000 per week for 25 years would change their lives, a means to create brand awareness. One respondent was chosen per week and received $1000.
   - The Maryland Lottery signed an agreement with E-Lottery to implement an Internet interface to their lottery subscription system in November 2000. This will allow the state lottery to receive subscription orders over the Internet for the multi-state jackpot Big Game and the state's weekly Lotto Game.

   The Alberta Gaming and Liquor Commission has its own web site that provides information about gaming activities. The Western Canada Lottery Corporation, which conducts and manages ticket lotteries in Alberta, also has a web site that informs users about the products it offers. However, neither one of the web sites provides consumers the opportunity to purchase lottery products or engage in gaming activities, such as casino-style gaming.

5. *Lottery proposals are being put forward by private suppliers to North American lottery jurisdictions* - There are at least two North American suppliers which are proposing Internet sites for lotteries of U.S. and Canadian jurisdictions.

   - eLottery is a web-based retailer of government lottery tickets and has developed, installed and operated systems that have processed e-commerce lottery ticket sales and transactions outside North America. eLottery also offers other services and products to government lotteries such as Internet advertising and marketing, Internet subscription services, direct e-mail programs and web site design and maintenance capabilities.
   - Uwin, a product offered by GTech, does not appear as clearly defined as eLottery. Nevertheless, they describe themselves as a "full service" Internet provider to government lotteries.

6. *Internet sites offer promotions tied to products such as instant tickets* - These Internet sites are designed to create player loyalty and encourage repeat visits to the web site. This is done through the use of electronic second chance draws, third chance "collectable" promotions, fun facts and trivia about the products, links to related web sites and a variety of other e-commerce opportunities. Two suppliers are leading the way:

   - Realtime Media, a pioneer in this area, has used integrated promotions successfully with reputable companies such as AOL, MSN and NFL.com to encourage people to use their web sites. More recently it has begun to focus on the lottery industry.
   - MDI Entertainment sells exclusively licensed themes for instant tickets. They have more than 30 brands, including Harley Davidson, Wheel of Fortune and Jeopardy.

7. *A Canadian province has authorized and licensed a group to manage a charitable lottery and sell its tickets through the Internet* - An organization called The Earth Fund, based in P.E.I., is the first in Canada to be authorized and licensed by a provincial government (P.E.I.) to manage a charitable lottery and sell the tickets through the Internet. The intended beneficiaries are Doctors Without Borders, the World Conservation Union, the Earth Council and the International Council of Local Environmental Initiatives. The Interprovincial Lottery

Corporation (ILC), an affiliation of the separate provincial government lottery corporations, has taken legal steps to restrict the organization from selling in Canada beyond PEI borders. Pending the outcome of the court case in the matter, the web site of The Earth Fund is strictly an information site used to present its views about the pending legal case. P.E.I. is currently re-investigating its position on the lottery scheme.

8. *A First Nation in Quebec has launched an Internet gambling web site* - The Kahnawake (Mohawk) First Nation, whose reserve is located near Montreal, has launched an e-gaming web site. There is some question as to whether the site continues to be located in Antigua or is now on the reserve or elsewhere. According to the e-gaming web site, it has hired an English management team, which is claimed to have 50 years of experience in operating casinos. The site indicates this is one reason to trust the web site. Another reason is the web site operators were approved and licensed by the "Kahnawake Gaming Commission of Canada." The legal status of the gaming commission is in question as is the web site. As of 1998-99, there were no special provisions for First Nations gaming in Quebec (Nova Scotia Alcohol and Gaming Authority, *Annual Report 1998/99*).

The Commission continues to track developments elsewhere in Canada as well as in other countries.

The Western Canada Lottery Corporation (WCLC) has formed a committee to keep abreast of developments in Internet gaming, as has the Interprovincial Lottery Corporation (ILC). The ILC comprises representatives from all provincial lottery corporations across Canada. Alberta is represented by the WCLC.

Enforcement

The Commission is limited to enforcing and regulating gaming activities it has licensed or authorized, or those occurring in premises it has authorized or licensed. Police services are responsible for enforcing criminal laws regarding illegal gaming activity in the province. As a result, any unlicensed, and therefore illegal, Internet gaming activity occurring in the province would fall within the mandate of the police services.

The Commission has not authorized or licensed any Internet gaming websites and is unaware of any Internet gaming web sites being operated in the province.

E. Landscape

The previous item "Current Situation Assessment" describes some developments in e-gaming within Canada. They include the licensing of an Internet lottery by the government of PEI and the use of the Internet by the British Columbia Lottery Corporation to promote a lottery.

The proposed PEI lottery scheme, the Earth Fund Lottery, involves the sale of lottery tickets beyond PEI borders and throughout the world by using the Internet. The lottery scheme has been licensed by the province of PEI but has not been formally activated. The Interprovincial Lottery Corporation (ILC) is pursuing a legal case against the PEI-based lottery. At issue in this case is the authorization of a web site that may be accessed by residents of other Canadian provinces, beyond PEI. Under provisions of the *Criminal Code*, only a provincial government may determine which lottery schemes may be conducted within its provincial boundaries.

Despite the fact none of the provincial governments to date have launched a lottery scheme using the Internet, one report notes:

> Many on-line gaming companies have situated themselves in Vancouver, Canada, which is now known within the trade as the Internet gaming capital of the world. Companies strategically house servers or make Vancouver the company headquarters largely in order to dodge U.S. authorities (Bear Stearns, 2000).

The report goes on to say:

> Because Canadian law regarding on-line gambling is as unclear as U.S. law, groups are beginning to test authorities by setting up on both sides of the U.S.-Canada border. The Kahnawake Mohawk Nation, a Native American tribe in Montreal, plans to own the first fully operational Internet gambling operation on North American soil by the end of October 1999 [it appears that the First Nation has since launched a gaming web site] (ibid.).

One or more other First Nations have announced plans to operate their own on-line casino web sites. For example, the Treaty Four Indian bands in Saskatchewan indicated they would proceed with their plans to operate a cyber-casino "even though the provincial government won't allow the Saskatchewan Indian Gaming Authority to open any new casinos." A spokesman said the site "will block Canadian gamblers from logging on," suggesting it would be open to gamblers in other jurisdictions, although the media article did not indicate which ones.

In 1999, the province of British Columbia issued a white paper on gaming legislation. It addressed gaming matters in the province, including issues around Internet gaming.

> The political and social implications of Internet gaming and the rapid growth of Internet access in an unregulated environment together suggest that the federal government, in conjunction with the provinces, should consider developing guidelines governing on-line gaming and encompassing clearly defined enforcement strategies for Canada.
>
> It is recommended that the Attorney General of British Columbia, along with his federal and provincial counterparts, assemble a working group to study:
>
> - the social and economic implications of Internet gaming in Canada; and
> - the problems of law enforcement in cyberspace.
>
> (Rhodes, Frank A., 1999).

International

The B.C. White Paper on Gaming noted:

> Gaming throughout the world is typically regulated by national, state or provincial legislatures or local municipalities. In many jurisdictions gaming is highly regulated or even prohibited, while in others it is considered acceptable and is subject to no government interference. Similarly, government responses to Internet gaming range from participation to prohibition. A number of countries have no clear policy on the issue (ibid).

There is a wide range of Internet gaming activity occurring throughout the world. Following are a few examples of those or related activities.

Canada

The Interactive Gaming Council is a coalition of 60 companies across the world that are involved in on-line gambling, and has its base in Vancouver. It aims to further the interests of its members. The coalition has developed a code of conduct, addressing issues such as truth in advertising, preventing underage gambling, giving players confidence in gaming integrity (Nova Scotia Alcohol and Gaming Authority: Annual Report, 1998/99). The council "allows any interested party to address issues for the advancement of regulation of the Internet gaming community. The council also serves as a means by which the on-line gaming industry can lobby the federal and state governments, and members have a say in the direction of the lobbies." (Bear Stearns, January 2000).

United States

The Gambling Impact Study Commission of the United States issued a final report in 1999 following two years of study into the impacts of gaming throughout the nation. The Commission reported there were about 90 on-line casinos, 39 lotteries, 8 bingo games and 53 sports books in the U.S. in May 1998. "One year later, there were over 250 on-line casinos, 64 lotteries, 8 bingo games and 139 sport books providing gambling over the Internet."

The Commission recommended to the President and Congress:

> …because Internet gambling is expanding most rapidly throughout offshore operators, the federal government should take steps to encourage or enable foreign governments not to harbor Internet gambling organizations that prey on U.S. citizens.

Given the developments over the past one to two years, large casinos in the U.S. are now also poised to provide e-gaming.

> Large bricks-and-mortar casinos in the United States - long opposed to their unregulated online rivals and backers of attempts to outlaw e-gaming at the federal level - have recently done an about-face on the issue and now oppose any ban of Net wagering by U.S. Congress. What's more, they are positioning themselves for official sanctioning of the industry and have begun

> aligning themselves with e-gaming firms in deals that could eventually allow them to cash in on a cyberspace wagering bonanza.
>
> Market researcher Frost & Sullivan claims worldwide e-gaming revenue could top US$6-billion by 2003 and US$10-billion by 2005, despite the American ban (National Post, Nov. 7, 2000).

Attempts were made to pass federal legislation to ban or prohibit Internet gaming in the United States, but such a law (for example, the Kyl Bill) has not been passed to date. At least two states, Nevada and New Jersey, have issued bills to legalize e-gaming.

Nevada is one state that allows sports book betting. It permits such betting over the Internet, but restricts such betting to state residents.

Australia

Australia was the first country that authorized Internet gaming. The federal government then legislated a temporary moratorium on the establishment of new Internet gaming web sites in the country. During the moratorium, the federal government examined the future of e-gaming in the country and even the feasibility of banning Internet gambling permanently (Internet Gaming News, December 6, 2000).

Since then, the Australian government introduced the Interactive Gambling Bill 2001, which received first reading in April 2001. The bill makes it an offence to provide Australian based interactive gambling service to customers in Australia and establishes a complaints scheme which will enable Australians to make complaints about interactive gambling services on the Internet which are available to Australians (Interactive Gambling Bill 2001, Explanatory Memorandum).

Europe

Various jurisdictions in Europe have authorized Internet gaming web sites. As of May 1998, the European Union did not have a formal policy for Internet gaming. Rather,

> … the Gaming Regulators European Forum recognized that, in light of the individual social, cultural and economic circumstances of the various states in the European Union, the regulation of Internet gaming would be most appropriately implemented at the national or autonomous regional level (Rhodes, Frank A., 1999).

Jurisdictions With Licensed Gaming Web Sites

Based on a report issued in 2000, the following gaming jurisdictions have licensed internet gaming websites: Alderney, Antilles, Antigua & Barbuda, Australia, Austria, Cook Islands, Costa Rica, Curacao, Dominica, Dominican Republic, Finland, Germany, Gibraltar, Great Britain, Grenada, Ireland, Isle of Man, Mauritius, Liechtenstein, St. Kitts, Swaziland, Tasmania, Trinidad, United States, Vanuatu and Venezuela.

Many e-gaming web site companies do not indicate a location or place of origin. In such cases, the companies may be located in countries other than those mentioned above (Bear Stearns, January 2000).

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players alike, and of stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on Internet gaming.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

Among gaming activities, Internet gaming was most likely to be considered as a "harder" form of gaming. Most adult Albertans (59%) would like less availability of Internet gaming, 39% the same amount and 2% more. This is the strongest response by Albertans to reduce the availability of a gaming activity (even though none of the Canadian provinces are conducting and managing an Internet gaming website).

A small fraction of adult Albertans, about 0.2%, said they bet or spent money on Internet gaming in the past year. Those who did indicated they spent an average of $55 on Internet gaming in the previous month (when the survey was taken).

Few Albertans (less than 2%) say they would play Internet gaming in the next year if it became available, the rest of Albertans would not.

Those who participated in Internet gaming suggested the following locations where people should be able to gamble on the Internet if it were available: at a gaming room in a hotel (94.5%), in a resort casino (75.8%), in bars and lounges (71.4%), in a local casino (62.1%), in a location devoted to VLTs (61.7%), in a First Nations casino on reserve land (56.2%), at a racetrack (42.2%) and at a bingo hall (33.9%).

Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups. A representative survey of charities in the province and gaming workers was also conducted.

Industry Stakeholders

Most charities and industry workers do not favour Internet gaming. Generally, there were few comments by industry stakeholders about Internet gaming. Their comments during the consultations focused on other issues and matters of greater importance to them.

A representative of one major exhibition indicated the province may want to examine how and when to get involved with Internet gaming. That would enable the province to have some control over it and to keep gaming revenues in the province over the next decade.

A gaming industry association representative felt addressing Internet gaming poses challenges and the Commission cannot ignore it, but authorizing it would also cause problems. A casino operator echoed the view addressing Internet gaming is a challenge. The challenge would be in either prohibiting it or using it for some types of betting such as sports betting.

Advocacy Foundation

A public policy advocacy foundation felt if the province introduced Internet gaming, it would be an exporter of social costs. The foundation understands sports betting holds the greatest potential on the Internet but the social, political and economic factors have to be taken into account.

A problem gambling treatment agency identified Internet gaming as a significant potential problem but admits it would be difficult to control.

G. Primary Issues and Recommendations

Process of Review

The first step in the process of arriving at recommendations was to better understand how Internet gaming is currently being used or authorized in other jurisdictions. In effect, the process involved the gathering of information.

That step was followed by a review of public and stakeholder perspectives regarding Internet gaming and assessing options to address this form of gaming activity in Alberta over the next five years or more.

Primary Issues

The Gaming Licensing Policy Review identified one primary issue regarding Internet gaming, as follows:

A. RESEARCH, POLICY DEVELOPMENT

Few Albertans have engaged in Internet gaming. Most adult Albertans feel Internet gaming should be less available (despite the fact none of the provincial governments in Canada are currently conducting and managing gaming on the Internet). A few stakeholders believe the province should become involved to prevent or control Internet gaming and keep gaming dollars in the province. A problem gambling treatment agency is concerned of the significant problems that may arise from Albertans accessing the Internet to gamble, but also acknowledged the difficulty of controlling such access.

POLICY POSITION:

1. **The legislative, regulatory, enforcement and social issues of Internet gaming need to be clearly researched and understood.**

   The Internet is available in homes, in the workplace and through public institutions such as schools and government offices, throughout the world. Its growth over the past few years has been phenomenal. Among other developments, new technologies are being introduced to expand and improve upon the way commercial transactions are conducted using the Internet. At the same time, it is acknowledged regulating any type of activity on the Internet, including gaming, poses serious challenges and current laws do not specifically address the issue of Internet gaming. It is important those challenges and the related issues be clearly understood and developments in Internet gaming closely followed.

INTERNET RECOMMENDATION - 1

- **The Commission will approach the subject of the use of the Internet for gaming in three key steps, as follows:**

Step One

Research and monitor recent developments in other jurisdictions respecting the legal, regulatory, enforcement, economic and social issues related to the use of the Internet to facilitate gaming activities.

Comment - The fundamental legislation that governs gaming throughout Canada is the *Criminal Code*. One of its provisions is that only provincial governments may conduct and manage gaming activities that are operated on or through a computer or electronic device. For that reason it is critical the Commission encourage and participate in national discussions on Internet gaming with other provincial gaming authorities and enforcement agencies. These discussions should include, but not be limited to, the legislative, regulatory, enforcement, economic and social issues arising from Internet gaming, including access by minors and by those who experience problems with their gambling.

Step Two

Based on the research and findings obtained in step one, develop a longer-term strategy regarding the use of the Internet to facilitate gaming activities.

Comment - Internet gaming has already been licensed and regulated in several other jurisdictions. As the Internet continues to grow, more jurisdictions are likely to consider either banning the activity entirely or providing a regulatory framework within which the activity can be conducted and managed. The Commission should develop a long-term strategy that considers the views of the public and stakeholders, available research and recent developments in other jurisdictions respecting the legal, regulatory, enforcement, economic and social issues related to Internet gaming.

Step Three

Forward the recommended longer-term strategy for the use of the Internet in gaming, as developed in step two, through the business planning process of government.

Comment - In Alberta, government agencies, including the Commission, develop their major policy and program directions through the business planning process. Business plans are subject to government approval. It is through the business planning process the Commission develops longer-term policy and strategic direction for gaming activities in the province. It is recommended the Commission follow this process in the development of longer-term strategy related to the use of the Internet for gaming.

COMMENTS

CONCLUDING COMMENTS

The growth of gaming activities in the province over the past 10 years has required a careful review of the province's gaming policies, to ensure they take into account current circumstances and set out clear and specific procedures and processes.

The Gaming Licensing Policy Review was initiated for that purpose. Its specific objective was:

> To recommend licensing gaming policies that address issues of growth while continuing to ensure the effective regulation and socially-responsible delivery of gaming activities in the province over the next five years.

The views of Albertans and stakeholder groups during the review process were instrumental to the recommendations presented in this report. In addressing issues of growth, the recommendations attempt to achieve a balance between the social and fiscal capacities of the province.

In addition, this report of the Gaming Licensing Policy Review is not a fixed document that concludes with its publishing. Rather, it is a key starting point for the Commission to ensure that the objective of the review is implemented based on the direction provided by the government in response to the recommendations.

Legal Framework

The fundamental purpose for gaming in the province is to generate proceeds for charitable, non-profit, public and community-based initiatives. The province's legal and policy framework for gaming supports this purpose.

The legal and policy framework starts with the *Criminal Code* (Canada). In Alberta, it is further defined in the provisions of the *Gaming and Liquor Act* (Alberta) and the *Gaming and Liquor Regulation* (Alberta). Gaming policies, or the ground rules for the gaming industry of the province, are established accordingly within this framework.

Gaming policies must also ensure gaming activities are delivered in a socially-responsible manner. While gaming has become an acceptable form of entertainment or recreation for many people, it poses serious difficulties for those who experience problems with their gambling.

It is also recognized that work is needed to assess the social and economic impacts of gaming in the province. Currently, the Alberta Gaming Research Council and the Alberta Gaming Research Institute are addressing the social and economic issues. As that proceeds, the Commission will continue to work closely with the Alberta Alcohol and Drug Abuse Commission (AADAC) in being as effective as possible in creating awareness of problem gambling and developing programs to address this serious issue.

Recommendations

The recommendations call for a clearer and greater role by the local community to determine whether the expansion of licensed gaming facilities may occur in their respective communities.

In this regard, the recommended approach will be much more proactive than in the past. It will give priority to the views of the local community before any further consideration is given to proposals for the expansion of licensed gaming facilities.

It is recommended that the maximum limit of 6,000 VLTs for the province remain in effect. This limit has been in effect since 1995. Moreover, the availability of VLTs should be reduced by consolidating VLTs in fewer locations and creating dedicated VLT gaming entertainment centres within the hospitality and tourism industries of the province.

Single facilities in the province with more than one bar or lounge with VLTs will have until December 31, 2002 to establish a dedicated VLT gaming venue in the facility. Otherwise, the VLTs will be removed from all but one bar or lounge in the facility under the same time limitation.

Charities involved with bingo and pull ticket sales, two activities whose sales have been declining, will have more opportunities to compete in the province's gaming market, and bring added value to consumers, while generating proceeds for their charitable or religious community projects.

The rules that determine which groups are eligible for gaming licences, and that set out the approved use of gaming proceeds by eligible groups, must be clear and precisely set out so that stakeholders understand them and the policies are fair, equitable and transparent.

Efforts will continue to be made to ensure that gaming activities are delivered in a socially-responsible manner. Problem gambling awareness training should be compulsory for staff of all licensed gaming facilities (permanent charitable casinos and bingo association halls, as well as racing entertainment centres) and private VLT retailers. It is recommended that new electronic gaming devices, such as slot machines and VLTs, contain proven responsible gaming features.

A consolidated set of Guiding Principles for Gaming in Alberta should be formally adopted or affirmed and made readily available to the public and stakeholders.

Working with Stakeholders

The Gaming Licensing Policy Review was the first comprehensive review that the Alberta Gaming and Liquor Commission conducted of the province's gaming policies since the Commission was formally established in 1996. The policy review has allowed the Commission to take a more strategic approach to consulting with stakeholders and establishing stronger relationships for the future.

The review has also heightened the awareness among staff of the issues and challenges faced by the Commission. The common objective of the policy review has helped to focus the organization's energies toward being a more effective and responsive organization.

ACKNOWLEDGMENTS

ACKNOWLEDGMENTS

The Alberta Gaming and Liquor Commission wishes to acknowledge those who participated in the Gaming Licensing Policy Review.

Our appreciation extends to all the representatives from stakeholder groups who took time from their busy schedules to provide their candid comments and perspectives. The representatives included those from charitable organizations, the gaming industry, First Nations, agricultural associations, municipalities, police services, advocacy or service groups and provincial agencies. Their views were instrumental to the recommendations in this report.

The views of the public and stakeholder groups were gathered with the assistance of Accord Research with the University of Calgary and Bruce Cameron of Cameron Strategies Inc., whose expertise in this regard was appreciated.

The Commission wishes to acknowledge its team of managers who prepared the groundwork for the review. Members of the team were Kent Verlik (Project Manager), Director, Retail Networks; John Annett, Policy and Development Analyst; Don Greenleese, New Product Coordinator; Gerry Keane, Manager, Investigations; Penny Kleinmeyer, Manager, Bingo Programs; Alain Maisonneuve, Director, Licensing and Charitable Gaming; Gord Matthew, Director, Technical Services; Dermot Millar, Regional Manager (North), Inspections; Pat Sheptycki, Manager, Consumer/Retailer Relations; Kevin Turner, Gaming Revenue Supervisor; and Jeff Wyton, Director, Product. Thanks also to other staff of the Commission who provided background, information and support services as required, and to George Rodziewicz who provided professional writing services during the review.

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Volume Two: Appendices

ACHIEVING A BALANCE

Gaming Licensing Policy Review

July 30, 2001

Alberta
GAMING AND LIQUOR
COMMISSION

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BUSINESS
PLAN

BUSINESS PLAN

The following excerpts from the 2001-04 business plan of the Ministry of Gaming and the Alberta Gaming and Liquor Commission relate primarily to gaming.

Ministry of Gaming

Ministry's Vision

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its liquor and gaming industries.

Ministry's Mission

To ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries to achieve the maximum benefit for Albertans.

Core Businesses, Goals and Key Strategies

Core Business #1: Develop provincial gaming and liquor legislation and policy, and regulate the gaming and liquor industries in accordance with legislation and policy.

- *Goal: Alberta gaming and liquor policy achieves a balance between social responsibility and economic benefits to Alberta. Strategies are as follows:*
  - Monitor the gaming and liquor industries to identify emerging issues and trends, such as potential growth, and develop policies to address these issues.
  - Monitor the gaming and liquor policies in other jurisdictions and develop and implement benchmarks and best practices.
  - Ensure Albertans are aware of gaming and liquor policy and are consulted with respect to major policy initiatives.
  - Ensure First-Nations gaming policy is consistent with the government's Aboriginal Policy Framework.

Core Business #2: Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities.

- ***Goal: Lottery funds support charitable, non-profit, public and community-based initiatives. Strategies include the following:***
  - Review the disbursement of Alberta Lottery Fund proceeds to ensure all funds are being allocated and expended according to policy and intended use.
  - Provide Community Lottery Board Grant Program funds to enhance and support project-based community initiatives determined through a local decision-making process.
  - Provide Community Facility Enhancement Program (CFEP) matching grants to improve Alberta's public-use facilities.
  - Implement and manage changes to the process for distributing revenues, and ensuring accountability for those revenues distributed to the horse racing industry, based upon the terms of the Racing Industry Renewal Initiative.
  - Develop a process to measure customer satisfaction.
  - Ensure Albertans are informed of the initiatives supported by the Alberta Lottery Fund.

Core Business #3: Support leading-edge research on gaming and liquor issues in Alberta.

- *Goal: Ministry is a partner in leading-edge gaming and liquor research. Strategies include:*
  - Support research into, and inform Albertans of, the social and economic aspects of gaming.
  - In partnership with AADAC and the gaming and liquor industries, ensure consumers of alcohol and gaming products are aware of prevention and treatment programs for problem gambling and alcohol abuse.

Alberta Gaming and Liquor Commission

The Alberta Gaming and Liquor Commission is an agent of the Government of Alberta and consists of a Board and a Corporation. The Corporation acts as the operational arm of the organization while the Board is responsible for policy and regulatory matters. The Board consists of a chair, a vice-chair, and three public members.

AGLC Vision

The Commission, an agent of the Government of Alberta, works to achieve the vision of the Ministry of Gaming, namely:

> A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its liquor and gaming industries.

AGLC Mission

> To ensure that gaming and liquor activities in Alberta are conducted with integrity and social responsibility and to maximize long term economic benefits for Albertans.

AGLC Values

The Commission is committed to operating according to the following values. We will:

- strive to balance social and economic responsibilities to the people of Alberta;
- act with integrity and in a fair and impartial manner;
- foster clear, open and courteous communications and consult with stakeholders;
- achieve excellence in customer service;
- nurture a working environment that is characterized by teamwork, collaboration, and open communication;
- be an innovative and adaptable organization that focuses on continuous improvement in the effectiveness and efficiency of our services and business processes; and
- be responsible stewards of the assets entrusted to us, maintaining our accountability to the Province of Alberta.

Core Businesses, Goals and Key Strategies

Core Business #1: License and regulate liquor activities.

Goal: Develop liquor policy and conduct licensing activities in accordance with the Gaming and Liquor Act and Regulation.

Goal: The importation, distribution, sale and consumption of liquor products are conducted according to legislation and policy

Core Business #2: License and regulate charitable gaming activities.

Goal: Develop gaming policy and conduct licensing activities under the authority of the Criminal Code of Canada and in accordance with the Gaming and Liquor Act and Regulation.

Key strategies are as follows:

- Conduct regular reviews of policy, Terms and Conditions and Operating Guidelines.
- Develop and implement policy on eligibility criteria and use of proceeds by charitable organizations.
- Implement the policy direction arising from the licensing policy review.
- Review licensing application procedures and business practices to increase efficiency and customer satisfaction.
- Conduct inspections relevant to applications.
- Ensure licensees and registrants understand the legislation, policy, Terms and Conditions and Operating Guidelines related to gaming.

Goal: All gaming activities, use of proceeds and financial reporting are conducted according to legislation and policy.

Key strategies include:

- Manage the charitable gaming model and ensure compliance with respect to casino, bingo, raffle, and pull ticket events.
- Ensure charities receive all the funds to which they are entitled and that proceeds received from licensed gaming activities are used for approved purposes.
- Conduct inspections and audits of gaming licensees and activities.
- Improve sharing of information among enforcement agencies and stakeholders.
- Investigate all complaints and alleged violations concerning licensed gaming activities.
- Implement new audit programs and enhance existing audit programs.
- Ensure implementation of and compliance with the First Nations gaming policy.

Core Business #3: Conduct and manage provincial gaming activities - video lottery terminals, slot machines and lottery ticket sales.

Goal: Ensure the video lottery network, casinos and ticket lottery network meet the levels of functionality, performance, game integrity, security and operational efficiencies in compliance with government policy and direction.

Key strategies are as follows:

- Implement the policy direction arising from the licensing policy review.
- Implement the replacement strategy for video lottery terminals, ticket lottery terminals and central monitoring system.
- Establish performance standards for video lottery terminals and slot machines.
- Maintain lottery ticket sales through enhanced retailer relations, targeted product advertising and promotion, and consumer awareness.
- Enhance the technical service model to ensure appropriate on-site service to support the functionality, security and integrity of the video lottery terminal, slot machine, and ticket lottery networks.
- Continuously review security requirements to ensure the integrity of gaming operations.
- Work with the Alberta horse racing industry to assess the success of the Racing Industry Renewal Initiative.
- Define and manage the roles and responsibilities of both the AGLC and the WCLC.

Goal: Ensure the efficiency and effectiveness of gaming operations.

Key strategies include:

- Ensure Alberta Lottery Fund revenues are collected in a timely and efficient manner, and disbursed in accordance with legislation and Treasury Board directives.
- Improve efficiency of revenue collection and allocation.
- Enhance performance through benchmarking, performance measurement, quality control, and the use of technology.

REQUIREMENTS & CONSIDERATIONS

LEGISLATIVE REQUIREMENTS AND CONSIDERATIONS

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A. Introduction

The province's gaming licensing policies are based upon federal and provincial gaming laws, specifically the *Criminal Code* (Canada) and the *Gaming and Liquor Act* (Alberta).

Criminal Code (Canada)

The legal foundation for all gaming in Canada is the *Criminal Code*. This law "starts with the philosophy that all gambling is illegal unless specifically exempted through legislation in the Criminal Code" (Judge Peter Griffiths, 1992). For purposes of the Gaming Licensing Policy Review, the key *Criminal Code* exemptions are the provisions that permit the provincial government to:

(a) conduct and manage "lottery schemes" such as ticket lotteries and electronic gaming devices (the code permits only provincial governments to conduct and manage electronic gaming devices such as video lottery terminals and slot machines);

(b) issue licences to eligible charitable and religious organizations to conduct and manage "lottery schemes" such as bingo, casino table games, raffles and pull tickets, but only if the proceeds are to be used for charitable or religious purposes; and

(c) prescribe terms and conditions related to the conduct, management and operation of a lottery scheme under the licences that it issues.

Application of Common Law

The *Criminal Code* does not specifically define various terms whose meanings are critical to the proper administration of gaming activities by the province, including what constitutes "charitable purpose" for purposes of issuing licences for "charitable gaming events." In that regard the province is guided by the common law in determining the eligibility criteria of an organization for gaming licences.

Gaming and Liquor Act (Alberta) and Regulation

The *Gaming and Liquor Act* (Alberta) and its accompanying regulation deal with both gaming and liquor activities in Alberta. The act and regulation establish the province's specific regulatory framework for gaming, in conformance with the *Criminal Code* gaming provisions.

The act establishes the Alberta Gaming and Liquor Commission as the regulatory authority of provincial lotteries and gaming activities. Under the act the Commission may raise revenue for the Alberta Lottery Fund through provincial lotteries. It gives the Board of the Commission the authority to issue gaming licences and establish conditions upon those licences.

The act requires all gaming workers be registered and all gaming supplies be approved by the Commission. Anyone dealing in gaming supplies must be authorized by the Commission to do so and may include those specifically registered for that purpose, a facility licensee or a gaming licensee.

The provincial legislation addresses the matter of VLT plebiscites and the removal of VLTs from certain municipalities that by plebiscite voted in favour of their removal.

Under the act various penalties may be imposed by the Commission upon licensees and registrants that contravene the legislation, regulation or its policies.

The *Gaming and Liquor Regulation* (Alberta) establishes gaming licences for bingo, pull ticket, raffle and casino and the respective fees for those licences. It establishes licences for bingo and casino facilities. It defines who is a gaming worker and establishes classes of registration of gaming workers.

Key Legal Considerations for Gaming Licensing Policy

The province's gaming licensing policies must operate within the legal foundation and framework established for the province.

The *Criminal Code* sets forth the requirements for the conduct and management of lotteries and gaming activities.

Those requirements are that gaming must be regulated by the provincial government or its appointed authority. The province may determine which lottery schemes to conduct and manage, and those which may be conducted by charitable and religious organizations under licence. The province has the authority to impose terms and conditions upon gaming licences.

The *Criminal Code* specifically permits only government, non-profit, charitable and religious groups to conduct and manage gaming activities. As a consequence, the primary beneficiaries of gaming must be charitable, non-profit, public and community-based initiatives. As the code does not provide guidelines as to meaning of the term "charitable" or "charitable purpose" the province has been guided by common law to arrive at eligibility criteria for the issuing of gaming licences to charitable organizations.

Private service providers may *assist* in the conduct and management of gaming activities or lottery schemes, but there is no allowance in the legislation for them to conduct and manage lottery schemes.

Various provisions of the *Gaming and Liquor Act* and the *Gaming and Liquor Regulation* that deal with gaming in the province refer to the *Criminal Code*, the legal foundation for all gaming in Canada. Other gaming-related provisions in the provincial act and regulation must either conform to those of the federal legislation or be consistent with them.

B. *Criminal Code* of Canada

> *Criminal Code* - A statute, first enacted in 1892, that gives the Cdn. federal government exclusive power to legislate on criminal offences in Canada and defines most kinds of crimes as well as judicial procedures and penalties. (*Canadian Dictionary of the English Language*)
>
> A crime is a clear and strict prohibition enforced by a penalty, which serves a typically criminal *public purpose.* Public peace, order, security, health, safety and morality are some of the ordinary ends served by the criminal law. (Bowal, *Criminal Regulation of Gambling*)

Background

The *Criminal Code* was enacted by Parliament in 1892, which codified the criminal common law and miscellaneous criminal law statutes.

The legislation declared most forms of gaming to be illegal except for pari-mutuel racetrack betting and games of chance. The frequency of those activities was to be determined by each province. Games of chance during this period tended to be confined to agricultural fairs and exhibitions.

Amendments to the *Criminal Code* in 1925 formally exempted agricultural fairs from some of the prohibitions against gambling.

Between 1938 and 1970, the code excluded from the definition of a "common gaming house" a place "while occasionally being used by charitable or religious organizations for playing games therein for which a direct fee is charged to the players if the proceeds are to be used for the benefit of any charitable or religious object." This exclusion permitted charities and religious groups to operate bingo on an occasional basis.

In 1970, Parliament enacted Section 190 (now 207) of the *Criminal Code*. This amendment authorizes the Lieutenant Governor in Council or specified authority in each province to issue gaming licences to charitable and religious groups if the proceeds are used for charitable or religious purposes. Agricultural fair and exhibition operations retained their right to hold gaming events under certain conditions of play, subject to provincial regulation.

The 1970 amendments to the code also gave the right to the federal and provincial governments to operate lottery schemes individually or in cooperation with each other.

In 1985, under an agreement between the federal government and the provinces, the federal government gave up its right to conduct lottery schemes.[•] As well, amendments to the *Criminal Code* in that year paved the way for provinces to introduce electronic gaming machines.

[•] The federal government withdrew entirely from regulating gaming activities except for pari-mutuel betting on horse races, which it continues to regulate.

Section 207 - Permitted Lotteries

The *Criminal Code* deals with gaming under "Part VII: Disorderly Houses, Gaming and Betting" (*Criminal Code* , R.S.C. 1985, Chapter C-46). The relevant sections are 197 to 209 which are described in a table that follows.

The *Criminal Code* makes all gaming illegal except that which is specifically permitted through various exemptions provided for in the code . For purposes of the Gaming Licensing Policy Review the key provisions are those of section 207, which deal with "permitted lotteries."

Section 207(1)

Section 207(1) legalizes the creation and operation of lotteries run by any of the bodies specified in 207(1)(a) to (d). Lotteries may be created by a provincial government, or under licence by charitable or religious organizations, by a board of a fair or exhibition or any other person to whom a licence has been issued as long as the ticket costs no more than $2 and the prize does not exceed $500.

Section 207(1)(a) provides it is lawful:

> for the government of a province, either alone or in conjunction with the government of another province, to conduct and manage a lottery scheme in that province, or in that province and the other province, in accordance with any law enacted by the legislature of province; …

This provision gives the provincial government the discretion to determine what types of lottery schemes it may conduct and manage. In Alberta, the Commission is the designated to conduct and manage lottery schemes, which include ticket lotteries and electronic gaming devices.

Section 207(1)(b) makes it lawful:

> for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose; …

The Commission is the licensing authority in Alberta. It establishes certain criteria for what constitutes a charitable or religious organization and charitable or religious object or purpose. It refers to the common law in arriving at the proper criteria, as described in more detail later in this section.

Section 207(1)(c) makes it lawful for a board of a fair or an exhibition to conduct and manage a lottery scheme under a licence from the provincial authority, in this case the Commission.

Section 207(1)(d) makes it lawful for any person who first obtains a licence from the provincial authority (in Alberta the Commission) to conduct and manage a lottery scheme at a public place of amusement if the amount paid to play does not exceed $2 and the prize does not exceed $500.

Section 207(4) defines lottery scheme as follows:

> …a game or any proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g), whether or not it involves betting, pool selling or a pool system of betting other than
>
> (a) three-card monte, punch board or coin table;
>
> (b) bookmaking, pool selling or the making or recording of bets, including bets made through the agency of a pool or a pari-mutuel system, on any race or fight, or on a single sport event or athletic contest; or
>
> (c) for the purposes of paragraphs (1)(b) to (f), a game or proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g) that is operated on or through a computer, video device or slot machine, within the meaning of subsection 198(3), or a dice game.

Section 206 describes many types of lottery schemes which are permitted under the provisions of section 207. The activities that are not permitted are specified in paragraphs (4)(a) and (4)(b) including three-card monte, punch board, coin table, bookmaking, pool selling or the making of bets as specified.

Paragraph (4)(c) makes it illegal for anyone except the provincial government to conduct and manage dice games, and to operate what it refers to as a "slot machine" as defined under subsection 198(3), as long as the lottery scheme falls within the meaning in paragraphs 206(1)(a) to (g). Subsection 198(3) reads as follows:

> In subsection (2), "slot machine" means any automatic machine or slot machine
>
> (a) that is used or intended to be used for any purpose other than vending merchandise or services, or
>
> (b) that is used or intended to be used for the purpose of vending merchandise or services if
>
> (i) the result of one of any number of operations of the machine is a matter of chance or uncertainty to the operator,
>
> (ii) as a result of a given number of successive operations by the operator the machine produces different results, or
>
> (iii) on any operation of the machine it discharges or emits a slug or token but does not include an automatic machine or slot machine that dispenses as prizes only one or more free games on that machine.

Section 198(2), which is referred to in 198(3), reads as follows:

> For the purpose of proceedings under this Part, a place that is found to be equipped with a slot machine shall be conclusively presumed to be a common gaming house.

The definition of "slot machine" includes any electronic gaming device, which in Alberta includes video lottery terminals (VLTs) as well as slot machines.

Flanagan elaborates on section 198(3) as follows:

> Under s. 198(3)(b)(i), the player must control the game with no element of chance or uncertainty attributed to the machines [sic] operation. If the player has only partial control over the ball, the machine is illegal because partial control means that the result of one or any number of operations of the machine is a matter of chance of uncertainty to the operator. Amusement machines do not fall under this subsection.

Amusement machines fall under s. 198(3)(b)(ii) where as a result of successive operations by the operator the machine produces different results. However, through legislative amendment, machines that dispense free games as prizes only are not slot machines under the section. The operator referred to in ss. 198(b)(i) & (ii) is the average person who would ordinarily be the operator and not the expert.

Machines under s. 198(3)(b)(iii) that discharge or emit slugs are slot machines. The fact that a coin slot is covered does not change the character of the machine.

It should be noted however, that the conclusive "slot machine" presumption in s. 198(2) has been held to violate the Charter [in an Ontario court].

The Criminal Code's Gaming Provisions

The following table describes the provisions in the Criminal Code that specifically deal with gaming. They comprise Part VII: "Disorderly Houses, Gaming and Betting" (*Criminal Code* , R.S.C. 1985, Chapter C-46).

Table A2-1: Gaming-Related Provisions of the *Criminal Code* (Canada)

CRIMINAL CODE **SECTION**	**PROVISIONS RELATED TO GAMBLING** [1]
197	*Definitions* • This section defines terms of various gaming and gambling related activities. Among others, those terms include the following: • "place" - includes any place • "game" - a game of chance or mixed chance and skill • "gaming equipment" - anything that is used or may be used for the purpose of playing games for betting • "common betting house" - place opened, kept or used for purposes of (a) enabling, encouraging or assisting persons who resort thereto to bet between themselves or with the keeper, or (b) enabling any person to receive, record, register, transmit or pay bets or to announce the results of betting
198	*Presumptions* • The presumptions made in this section recognize "the difficulties the investigator faces in making observations of the illegal activity to which generally, the public have not access." Certain provisions have been legally challenged as being unconstitutional. (Flanagan) • 198(2) For the purpose of proceedings under this Part, a place that is found to be equipped with a slot machine shall be conclusively presumed to be a common gaming house." • 198(3) - "Machines that are used or intended to be used for any purpose other than vending merchandise or services are slot machines under s. 198(3)(a). Amusement machines do not fall under this subsection" (Flanagan).

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[1] The table contains synopses from *Martin's Annual Criminal* Code unless indicated otherwise.

***CRIMINAL CODE* SECTION**	**PROVISIONS RELATED TO GAMBLING [1]**
199	*Warrant to Search* • creates search, seizure and forfeiture provisions relating to Part VII offences.
200	*Obstruction* [Repealed, R.S., 1985,c. 27 (1st Supp.), s.30]
	Gaming and Betting
201	***Keeping Gaming or Betting House*** • an indictable offence to keep a gaming or betting house. The maximum sentence upon imprisonment is two years.
202	*Betting, pool-selling, book-making, etc.* • Offences pertaining to betting, pool-selling, book-making and wagering. • 202(1)- Every one commits an offence who • (b) imports, makes, buys, sells, rents, leases, hires or keep, employs or knowingly allows to be kept, exhibited or employed in any place under his control any device or apparatus for the purpose of recording or registering bets or selling a pool, or any machine or device for gambling or betting;... [emphasis added]
203	*Placing Bets on Behalf of Others* • Prohibits the activities of the actions of "bookies" and other off-track betting schemes and sets out a schedule of available sentences based on whether the accused is a repeat offender.
204	*Exemption* • Section 204 creates exemptions from liability which would otherwise arise under s. 201 or 202, and also creates a system of legalized pari-mutuel betting.
205	[Repealed, R.S., 1985, c. 52 (1st Supp.), s. 1]
206	*Offence in relation to lotteries and games of chance* • Combined with s. 207, creates liability for acts in relation to lotteries and games of chance, and creates exceptions to such liability. • s. 206(1) - create indictable offence of doing the acts specified on paras. (a) to (j). No purpose beyond the doing of the acts described need be proven. The maximum sentence upon imprisonment is two years. • s. 206(2) - defines "three-card monte" for purpose of this section. • s. 206(3) - creates exception from s. 206(1)(f) to (g) for use of a board located at an annual fair or exhibition or the operator of such a board. However, the exemption does not include dice games, three-card monte, punch board or coin tables. s. 206(4) - creates a summary conviction offence applicable to any one who takes or receive a lot, ticket or other item mentioned in subs. (1). • s. 206(5) - provide that any right of property involved in the specific acts relating to lotteries and games of chance is void and is forfeited to the Crown. However s. 206(6) is a saving provision which states that if a person acquires the property as a bona fide purchaser for valuable consideration without notice their rights are protected. • s. 206(7) - sets out that application of this section is a foreign lottery. • s. 206(8) - sets out additional general exemptions to the operation of this section.

CRIMINAL CODE SECTION	**PROVISIONS RELATED TO GAMBLING** [1]
207	*Permitted lotteries* - legalizes creation and operation of lotteries run by any of the bodies specified in s. 207(1)(a) to (d). It also provides for the regulation of such schemes and creates an offence of operating or participating in a lottery not created or run in accordance with s. 207. - 207(1) - permits lotteries to be created by a province, or under licence by charitable or religious organizations, by a board of a fair or exhibition or by any other person to whom a licence has been issued. The last-mentioned category only applies to lotteries in which the ticket cost no more than two dollars and the prize does not exceed $500. - 207(1) (e) to (h) - permits persons to do specified activities required to carry out the operation of lawful lotteries under this section. - 207(4) exhaustively defines the term lottery scheme for the purposes of this section and also specifically excludes the activities noted in s. 207(4)(a) to (c) which are dealt with (either by way of prohibition or regulation) in ss. 202 to 206. - 207(5) - clarifies the scope of the exclusion in s. 207(4)(b) in relation to pari-mutuel schemes. - 207(2) - permits terms and conditions to be imposed on a licence under this section to regulate the conduct, management, and operation or participation in a lottery scheme. - 207(3) - makes it an offence to do anything not authorized by this section if the act is done for the purpose of a lottery scheme. It is a summary conviction offence or an indictable offence punishable by up to two years imprisonment if the act is done in relation to the conduct, management or operation of such scheme. It is a summary conviction offence to participate in an unlawful scheme.
208	[Repealed, R.S., 1985, c. 27 (1st Supp.), s. 32]
209	*Cheating at play* - This section makes it an indictable offence to cheat at play. The *actus reus* (the criminal act that, with mens rea, renders one criminally liable) of the offence is to cheat while doing any of the following: playing a game; holding the stakes; or betting. The requisite mental element is the intention of defrauding any person. The maximum sentence upon conviction is two years.

Applying the Common Law

> *Common Law* - The system of laws originated and developed in England and based on court decisions, on the doctrines implicit in those decisions, and on customs and usages rather than on codified written laws. In Canada, it is the legal system of all provinces except Quebec (*Canadian Dictionary of the English Language*).

What is "Charitable Purpose"?

The *Criminal Code* uses various terms whose meaning is important to the administration of gaming activities in the province. However, the code does not provide guidelines on some key terms, such as "charitable purpose," to which the proceeds raised by charitable gaming activities must be applied.

A common-law guide in this situation is the "Pemsel test" which the Supreme Court of Canada has approved and adopted for use in Canada. The test is derived from an English legal case* and has been used to determine what constitutes "charitable or religious object or purpose." That test identifies four categories as follows:

1. Relief of poverty
2. Advancement of education
3. Advancement of religion
4. Other purposes beneficial to the community

These criteria have been adopted by the Commission in determining eligibility for gaming event licences.

The fourth category, "other purposes beneficial to the community," poses the greatest difficulty because such purposes are subject to change with social priorities.

The difficulty was noted by the Bingo Review Committee, chaired by the Hon. Sam Lieberman, retired justice of the Appeal Court of Alberta, in its report of September 1999 entitled *Alberta Bingo Industry Review: Findings and Recommendations of the Bingo Review Committee.* One of committee's recommendations is: The definition of a charitable organization, or of "charitable purpose or object," should be examined by a committee of the appropriate provincial agencies, in keeping with the review of such matters now occurring at the national level.

In explaining the recommendation, the Committee notes:

> …purposes beneficial to the community may change with social priorities and shifting, shrinking roles of government. Measuring such benefits is difficult because the definition itself is found wanting. In a recent decision, a justice of the Supreme Court of Canada wrote:

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* *Commissioners for Special Purposes of the Income Tax v Pemsel*, [189] A.C. 531 (H.L.).

> The courts have on several occasions emphasized that the categories of charity are not closed, and that the purposes considered to be charitable at law evolve with social developments. …This innate flexibility has enabled the courts to illustrate purposes seen as proper objects of charity, having regard to the social needs of the time (*Per Gonthier, J.* (dissenting on other grounds), in Vancouver Society of Immigrant Minority Women v Canada.).

The Committee recommended: "Determining the priority of charitable programs and services in a provincial context should rest at the political level and involve the charitable sector itself." The Committee felt, apart from legal guidelines provided in common law, for example, the Commission (or AGLC) could be guided by practical considerations in issuing gaming licences. It noted:

> It may be difficult for the AGLC to say whether an amateur athletic program, for example, is more or less deserving of a bingo licence than a medical, cultural or arts program. However, it is possible for the AGLC to determine the eligibility of each individual organization by examining new, practical criteria, such as proven delivery of services or programs in community, its budget, and need, as recommended in [the Bingo Review Committee's] report.

C. *Gaming and Liquor Act* (Alberta) and *Regulation*

Background

The following background discusses the relevant legislation governing gaming activities in general in the province prior to the introduction of the *Gaming and Liquor Act* in 1996.

Interprovincial Lottery Act

Beginning in June 1974, lotteries in the province were operated by the Alberta Division of the Western Canada Lottery Foundation.[*] That occurred under a licence granted by the provincial ministers responsible for the *Interprovincial Lottery Act*.

The licensee was a partnership of Edmonton Northlands and Calgary Exhibition and Stampede Limited, which operated as an agent of the Government of Alberta. It acted as the provincial marketing office, administering the sale and distribution of lottery tickets, to assist the Corporation as authorized by the Minister for Alberta. The Alberta Division operated under the direction of an eight-person board comprising representatives from the two partners.

The province's lottery fund, to which lottery proceeds were directed, was established under the *Interprovincial Lottery Act*.

In 1991-92, all gaming-related agencies were incorporated under one provincial cabinet minister. Those agencies included Alberta Lotteries, the province's lottery organization that assisted the Western Canada Lottery Corporation, and the Alberta Gaming Commission.

Those entities operated separately and reported to one minister until they were formally amalgamated with other entities, including the Alberta Liquor Control Board, under the new *Gaming and Liquor Act* in July 1996.

Orders in Council

The function of issuing gaming licences and enforcement was authorized by the province through order in council, as permitted under the *Criminal Code*. There was no specific provincial legislation prior to the *Gaming and Liquor Act* that governed licensing or enforcement of gaming activities.

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[*] The Western Canada Lottery Foundation was formed in 1974 by the provinces of B.C., Alberta, Saskatchewan and Manitoba. B.C. withdrew its membership on March 31, 1985 while the other provinces, and the associate members of the Yukon and Northwest Territories, continued to operate together in the sale of lottery tickets. In 1985-86, the name Foundation was changed to Corporation to reflect more accurately the nature of its operation.

In the early 1970's, senior police personnel were designated by order in council to issue gaming licenses. However, they were not required to review the background of organizations to determine if their objectives were in fact charitable or religious and there was no requirement for financial returns.

The authority was transferred to the Lotteries Licensing Unit of the Criminal Justice Section, Attorney General Department, from 1973 to 1976. The unit was formed with two licensing officers who introduced financial returns forms to be completed by each organization following its gaming event. The size of the unit prevented it from auditing operations or to conduct investigations.

The Gaming Control Branch replaced the Lotteries Licensing Unit in 1976. It operated with three sections: Licensing, Audit and Investigations.

In 1981, the Alberta Gaming Commission was formed and assumed responsibility for issuing gaming licences and for developing gaming policy. The Gaming Control Branch retained responsibility for licensed gaming enforcement including licence application review, audit and investigations. The Branch provided technical advice to the Commission on gaming matters and made recommendations to the Commission on eligibility of groups for licences.

Gaming and Liquor Act

In March 1995, the government announced the consolidation of the Alberta Liquor Control Board, Alberta Lotteries, the Alberta Gaming Commission and the Gaming Control Branch under a single administrative and organizational structure, the Alberta Gaming and Liquor Commission.

The newly-formed Commission was given legal force with the passing and enactment of the *Gaming and Liquor Act* in July 1996. The legislation was the first in the province that dealt with both lotteries and gaming activities. The legislation consolidated the authority that previously was granted under the *Interprovincial Lottery Act* and through orders in council.

Specifically the new act repealed the *Interprovincial Lottery Act*.

The *Gaming and Liquor Act* comprises eight parts. The ones most relevant to the licensing policy review are those that relate to gaming, specifically:

- Part 1 regarding the powers, duties and status of the Commission, its board, and financial matters;
- Part 2 regarding gaming and provincial lotteries;
- Part 4 regarding board hearings and sanctions; and
- Part 5 regarding enforcement.

Part 1 - Commission

Section 3 of the *Gaming and Liquor Act* provides the objects of the Commission are to:

- administer the provincial legislation;
- conduct and manage provincial lotteries for the Government of Alberta;
- carry out gaming related functions delegated to it by the Lieutenant Governor in Council under the *Criminal Code* (Canada) or the provincial act;
- to control in accordance with the act the manufacturer, import, sale, purchase, possession, storage, transportation, use and consumption of liquor;
- generate revenue for the Government of Alberta.

The *Gaming and Liquor Act* specifies the Minister responsible for the act may make policies that must be followed by the Commission, the board or both in carrying out their powers and duties under the act.

The act establishes a board whose responsibilities are provided in Section 12 as follows:

- ensuring the powers and duties of the Commission are appropriately carried out;
- establishing the policies of the Commission;
- conducting hearings and making decisions respecting licences and registrations; and
- any function assigned to it under any enactment.

The responsibilities of an appointed chief executive officer of the Commission are set forth in section 18(2), and include

- administration of the Commission;
- ensuring that the policies of the board are implemented;
- advising and informing the board on the operation and affairs of the Commission; and
- performing the duties and exercising the powers assigned to the Commission or to the chief executive officer by any enactment or by the board.

The act establishes a Lottery Fund to be administered by the Commission, its income being revenue from provincial lotteries less prizes. The Commission may use the revenue in the fund to pay retailers' commission, federal taxes and amounts to be paid under federal-provincial agreement "respecting gaming and betting entered into on June 3, 1985, as amended or replaced from time to time."

Part 2 - Gaming and Provincial Lotteries

Part 2 of the act deals with Gaming and Provincial Lotteries.

The act establishes two general types of gaming in the province as follows:

> "provincial lottery" means a lottery scheme referred to in section 207(1)(a) of the *Criminal Code* (Canada) that the Government of Alberta is authorized to conduct and manage by itself or in conjunction with the government of another province; … [s. 1(1)(x)].

The provincial lottery schemes in Alberta are ticket lotteries and electronic gaming devices such as slot machines and video lottery terminals or VLTs.

> "gaming activity"- a lottery scheme as referred to in s. 207(1)(b), (c), (d) or (f) of the *Criminal Code* (Canada). [s. 1(1)(h)]

In Alberta, such a lottery scheme is commonly referred to as "charitable gaming" and includes bingo events, casino events, raffles and pull ticket sales.

The act gives the board of the Commission the authority to issue a gaming licence or gaming facility licence as it deems appropriate and to establish conditions for those licences. The specific types of licences that may be issued, and their respective licence fees, are provided in the *Gaming and Liquor Regulation.*

Gaming workers must be registered with the Commission. These refer to people who are paid to assist a gaming licensee in the conduct or management of a gaming activity, other than someone who is paid to sell raffle or pull tickets or otherwise specified in the regulations.

Anyone who deals in gaming supplies must be registered, and the gaming supplies approved, by the Commission. Section 42 provides that the registration of gaming workers and gaming supplies are governed by the regulations.

Section 43 specifies the Commission may conduct and manage lotteries on behalf of the Government either alone or in conjunction with the government of another province.

Video Lottery Terminals

Various sections in Part 2 of the act deal with video lottery terminals. Section 1(1)(hh) provides:

> "video lottery terminal" means a computer, a video device or a slot machine within the meaning of section 198(3) of the *Criminal Code* (Canada) that is used to play a game, scheme or plan referred to in section 206(1)(a) to (g) of the *Criminal Code* (Canada).

For legal purposes, the *Gaming and Liquor Act* uses the term video lottery terminal to include a slot machine under the *Criminal Code*.

There is in the province a video lottery terminal that possesses a particular feature that distinguishes it from other electronic gaming devices. That distinction is covered under Section 46.2 which deals with municipal plebiscites held in 1998. Subsection 46.2(5) provides:

> In this section, "video lottery terminal" means a video device from which payouts are made by means of paper slips that may be redeemed for cash.

Such an electronic gaming device is located in bars and lounges under agreement between the video lottery terminal retailer and the Commission, and is commonly referred to as a VLT. This meaning distinguishes a VLT from what is commonly referred to as a slot machine in the province, the latter being a machine that pays out in coins dispensed in the machine's tray and is located in casino facilities and racing entertainment centres (larger prizes are paid by cheque). Other policy-related distinctions between VLTs and slot machines are discussed in this report under the section "Video Lotteries."

Section 45 of the *Gaming and Liquor Act* prohibits anyone from selling, advertising or distributing lottery tickets in the province unless authorized to do so by the Commission.

Section 46 of the act prohibits the making, selling, advertising or distribution of VLTs unless the terminal is approved by the Commission and the person is registered to deal in VLTs. That section also requires no one may possess a VLT unless it is approved by the Commission and operated in an establishment authorized by the Commission or the person is registered to deal in VLTs or an employee or agent of a person who is thus registered.[*]

Various sections of the *Gaming and Liquor Act* were amended and passed in April 1999 (Bill 36, the *Gaming and Liquor Amendment Act*) to address the concern that the Commission, based on a court decision, was unauthorized to follow or consider government policy regarding VLT plebiscite votes held in various municipalities across the province. Government had indicated it would honour the wishes of communities that wished to remove VLTs, as expressed through VLT plebiscites.

The legislation authorizes the Commission's board to take and implement direction from the Minister of Gaming.

The Court of Queen's Bench of Alberta granted an interim injunction prohibiting the Commission from disabling or removing VLTs pending the hearings of a constitutional challenge of the legislation. The Commission has complied with that order.

The sections of the *Gaming and Liquor Act* that address the termination of VLT agreements with retailers, and the removal of VLTs from communities that voted by plebiscite in favour of their removal, are the following:

> 46.1 No action or proceeding may be instituted or continued against the Crown or Minister of the Crown, the Commission, the board or its members, the chief executive officer, inspectors or employees of the Commission based on any claim or cause of action, whether arising before or after the enactment of this section, for compensation, for loss or damages including exemplary damages or for injunctive or declaratory relief, whether based on contract, property, tort, equity, restitution, expropriation or otherwise, for
>
> (a) the removal of video lottery terminals from establishments;
> (b) the termination or cancellation of agreements with retailers;
> (c) the termination or cancellation of any rights of retailers connected with or arising from agreements with retailers, or
> (d) any act or omission authorized by this Act.

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[*] Alberta courts established case law by clarifying Section 46(2) of the Gaming and Liquor Act (Alberta). The courts ruled that it was not an offence to be in possession of a slot machine as long as the slot machine was not being used for the purpose of gambling. This followed from the seizure of slot machines in Alberta.

> 46.2(1) All agreements between the Commission and retailers respecting video lottery terminals existing immediately prior to the coming into force of this section and any rights of retailers connected with or arising from those agreements are hereby terminated and cancelled in the following municipalities:
>
> (a) County of Lethbridge No. 26;
> (b) Town of Lacombe;
> (c) Municipal District of Opportunity No. 17;
> (d) Regional Municipality of Wood Buffalo;
> (e) Town of Canmore;
> (f) Town of Coaldale;
> (g) Town of Stony Plain.

(Note: The VLTs in the municipalities identified in section 46.2(1) have not been removed due to matters before the courts. The circumstances and other details of those matters are discussed in this report in the section "Video Lotteries.")

> 46.2 (2) The Commission must remove all video lottery terminals from establishments located in the municipalities referred to in subsection (1).
>
> 46.2(3) Subject to subsection (4), if the Commission has removed video lottery terminals from a municipality before the coming into force of this section as the result of a vote held in the municipality, the Commission may not
>
> (a) enter into agreements with retailers respecting the video lottery terminals, or
> (b) place or replace any video lottery terminals in establishments
>
> in that municipality.
>
> 46.2(4) The Commission may not, in respect of any of the municipalities referred to subsection (1) and (3), enter into an agreement with a retailer or place video lottery terminals in establishments unless a policy of the Minister under section 6.1 authorizes the Commission to do so.

Parts 4 and 5 - Board Hearings and Sanctions, and Enforcement

The following sections pertain to the lawful seizure of VLTs as well as gaming supplies that have not been approved by the Commission:

> 91(3) A person whose liquor, containers, video lottery terminals or gaming supplies have been seized under section 92 or 103 may apply to the board for a hearing.
>
> 103(1) An inspector who, while carrying out an inspection under section 100, finds any liquor, video lottery terminals or gaming supplies that the inspector believes on reasonable and probable grounds are unlawfully required or kept for unlawful purposes in contravention of this Act or a condition imposed on a licence or registration may immediately seize and remove the liquor and the containers in which it is held or the video lottery terminals or gaming supplies.

Section 113 is the general offence section. It also identifies contraventions not otherwise listed under the regulations to be an offence. The gaming related offences under this section are as follows:

- s. 36 - conduct or manage a gaming activity without a gaming or facility licence;

- s. 40(1) - make, sell, advertise or distribute gaming supplies without being registered or licensed to do so;
- s. 40(2) - possess gaming supplies not approved by the board;
- s. 41 - inducing a breach of contract;
- s. 45 - make, sell, advertise or distribute lottery tickets unless approved by the Commission;
- s. 46(1) - make, sell, advertise or distribute VLTs not approved by the Commission;
- s. 46(2) - possess a VLT not approved by the Commission.

Section 114(1) provides for penalties for individuals convicted under the general offence section. They are liable to a maximum fine of $10,000 or to imprisonment for a maximum of six months, or both.

Section 114(2) provides for penalties for corporations convicted under the general offence section. They are liable to a fine of not more than $50,000.

Section 115 provides for penalties of persons convicted of offences under sections 45, 46(1). They are liable to a maximum fine of $500,000 or to imprisonment for not more than 12 months, or both.

Gaming and Liquor Regulation

The *Gaming and Liquor Regulation* comprises four parts. Two are most relevant to gaming activities, as follows: Part 1 "General Provisions" and Part 2 "Gaming and Provincial Lotteries."

Part 1 - General Provisions

The first part of the *Gaming and Liquor Regulation* contains four divisions that deal with requirements for applications, including gaming licences; background checks regarding applicants of licences or registrations; requirements for facilities and premises and offences and conditions.

Sections 2 to 8 deal with application requirements. They require that anyone who applies for a licence or registration complete the appropriate documents. The Commission may also require an applicant to publish a notice of the application. Anyone may object to an application or registration, regardless whether it has been published, to the board of the Commission. The board must consider the objection and advise the person who submitted it as to its decision.

Only adults may be eligible for licences or to be registered. Licences may only be issued to individuals who are Canadian citizens or permanent residents.

Various requirements are set forth for corporations or partnerships to obtain a licence or to be registered.

Sections 9 through 13 deal with background checks. The board may refuse to grant a licence or registration if the applicant fails to pass a records check. If within the previous five years prior to the application the applicant has been convicted of specified offences, the person is deemed not to have passed the records check.

Section 13 gives discretion to the board to refuse a licence or registration if it is satisfied the applicant or any of the applicant's employees, associates or anyone else with connections to the applicant, is a detriment "to the integrity or lawful conduct of gaming activities. ..."

Sections 14 and 15 deal with gaming facilities and premises. Anyone who is issued a gaming facility licence or liquor licence must have the right to occupy the facility. The board may establish requirements for facilities or premises that must be met before a facility or liquor licence is issued. Those requirements must be met during the term of the licence.

Sections 16 to 18 deal with offences and conditions. For purposes of gaming, an offence under the regulation is contravention of section 34, allowing minors in a casino facility when a casino is being conducted. Board policies regarding registrations are considered conditions of the registration, a copy of which must be provided to the registrant. Licensees may apply to the board for hearing if the board has imposed a condition on the licence without a hearing.

Part 2 - Gaming and Provincial Lotteries

Part 2 of the *Gaming and Liquor Regulation* contains provisions regarding gaming and facility licences and eligibility requirements for those licences and the registration of gaming workers. Various general provisions are included, such as terms of licence or registration, cancellation of licences, posting of licences, etc.

Section 19 establishes licences for bingo, pull ticket, raffle and casino. Section 20 sets the basic criteria for applicants, that they must be a charitable or religious organization, and satisfy the board the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the board.

Section 20.1 allows the board to defer payment of licence fees for a bingo or casino licence until after the licence is issued. Section 21 provides anyone receiving a licence may be required to provide an accounting of the gaming proceeds.

Two types of facility licences are established under section 22: bingo facility licence and a casino facility licence.

Section 23 specifies a bingo facility licence may only be issued to the volunteer executive of a bingo association ("an association of charitable or religious organizations formed for the purpose of conducting gaming activities"). It specifies a casino facility licence may only be issued to an individual, partnership or corporation.

Section 25 establishes classes of registration of gaming workers, those paid to assist a gaming licensee in conducting or managing a gaming activity. Excluded from this definition are those paid to sell pull tickets, raffle tickets or prize bonds; a person paid to manage a raffle in which the total ticket value is $10,000 or less or a person who works at a licensed gaming activity in a facility not required to be licensed.

Classes of gaming workers are established. They are bingo worker, casino worker, raffle manager and pull ticket manager.

Section 26 provides a gaming worker must have the experience required for the function, and, if an exam is required, achieve the minimum score specified by the board.

Additional classes of registration are specified in section 27, including ones that authorize the registrant to provide gaming workers, authorize a person to deal in approved gaming supplies and authorize a person to deal in approved VLTs.

Sections 28 to 34.1 deal with general matters. They include fees and deposits for conducting background checks (s. 28), term of licence and registration (s. 29), licence or registration cancellation (s. 30), provisions on licence cancellation on dispossession of business (s. 31), provisions on the death of the licensee (s. 32), posting of licences (s. 33), minors in casinos (s. 34) and persons not admitted in licensed facilities (s. 34.1). The last section prohibits a facility licensee from allowing a person convicted under section 209 of the Criminal Code (cheating a play) from entering or remaining in the licensed premises.

E. Summary

The legislation regarding gaming activities are the basis upon which gaming licensing policies are established. It is a matter of legal and public interest that the gaming licensing policies conform to provisions in the *Criminal Code*. The provincial legislation and the regulation set the provisions for gaming in the province of Alberta in conformance with the provisions of the *Criminal Code*.

SOCIAL
RESPONSIBILITY

SOCIAL RESPONSIBILITY

Introduction

While most adult Albertans gamble responsibly, some experience real and difficult problems with their gambling. This section discusses the estimated extent of problem gambling among adults in the province, the implications of problem gambling for the gaming licensing policies in the province and some of the efforts being applied to address this serious issue.

Alberta Population Study

The most recent estimate of the number of adult Albertans believed to have problems with their gambling was contained in a 1998 report. The report, prepared for the Alberta Alcohol and Drug Abuse Commission (AADAC), estimated 4.8% of adults in the province have problems with their gambling. That was a decline from the 5.4% reported in 1994; the decrease is not statistically significant (Wynne Resources Ltd. and AADAC, 1998).

Those percentages were further broken down into two groupings. One related to problem gamblers, the other to probable pathological gamblers, or those with more serious problems. It is estimated the number of adults in the "problem gambling" category comprised 2.8% of adult Albertans in 1998 compared to 4.0% in 1994. The estimated number of those with "probable pathological gambling" was 2.0% in 1998 compared to 1.4% in 1994.

The report noted: "Although the increase in probable pathological gambling is not statistically significant, it is a pattern found in other replication studies." Put another way, and as the Alberta study noted:

> Based on the 1996 adult Alberta population of 1.9 million, it is estimated that the number of adult Albertans with less severe gambling problems has decreased from 78,770 in 1994 to 55,139 in 1998. In contrast, it is estimated that the number of adult Albertans with more severe gambling problems has increased from 27,570 in 1994 to 39,385 in 1998.

Moreover, severe problem gambling spills over to other aspects of a person's life, including relationships with family, friends and co-workers. It may result in a person often being absent from work due to his or her gambling addiction or lead to criminal activities such as theft or fraud by the serious problem gambler to support his or her gambling.

Depending on the estimates used, some will argue the social costs of gambling exceed the benefits derived from it, while others argue the converse, the benefits exceed the costs.

The extent of such costs or harm within the province is not clearly known. Further research as this applies to Alberta specifically is needed and is being pursued as discussed later in this section.

In any case there is in the research available today a clear message for the development of gaming licensing policies. Attention must continue to be paid to the potential harm of gaming activities on some people.

The Gaming Licensing Policy Review takes into account the expectation of Albertans that gaming continue to be controlled, regulated *and* offered in a socially responsible manner. It must also balance the real issues that accompany gambling with another reality, that for most Albertans gambling is a form of recreation. As noted in the 1998 Alberta report:

> Most adult Alberta gamblers enjoy participating in all forms of gambling activities as a form of entertainment and recreation. Moreover, most gamblers are able to control their play by incorporating strategies such as wagering only what they can afford to lose, setting betting limits for their play, and participating in gaming activities in a social context with family and friends (Wynne Resources and AADAC, 1998).

Defining Problem Gambling

Problem Gambling Prevalence Research in Alberta

As mentioned, two research surveys have been conducted in the province which have estimated the extent or prevalence of gambling and problem gambling among adults in Alberta. The results of the first study were published in 1994 for Alberta Lotteries and Gaming. That was followed by a "replication study" for AADAC and published in 1998. A replication study is aimed at establishing any patterns or trends in problem gambling behaviour among adults over a period of time.

These studies focused on the Alberta population and are considered important population surveys regarding gambling and problem gambling. Their findings are often cited in various documents that discuss the subject. For that reason further discussion of the two population surveys is provided here.

Defining Terms

The 1994 and 1998 Alberta studies applied various terminology in arriving at the estimated prevalence of gambling and problem gambling in the Alberta population. The context of the studies and the key terminology used follow.

In the 1998 study, gambling activities covers gaming activities licensed in the province and other non-licensed activities. Specifically, those activities include the following:

> …(1) the full range of legally-sanctioned and government-regulated gambling that occurs throughout Alberta (e.g.,. lotteries include video lottery terminals (VLTs), raffles, pull tickets, Sport Select, bingo, charity casinos, and horse racing); (2) games at casinos outside Alberta (e.g., Las Vegas); (3) formal and informal betting for money amongst individuals on a variety of activities (e.g., sports pools and events, games of skill, cards and board games, arcade or video games, Internet gambling); and (4) purchasing speculative investments (e.g., stocks, options, or commodities) (ibid).

A widely-recognized screening instrument called the South Oaks Gambling Screen (SOGS) was used to differentiate among those considered to be non-problem, problem and probable pathological gamblers. The instrument involved asking respondents about 20 items, most of those related to gambling-related financial consequences that the respondent has experienced and then classifying respondents in one of the three categories based on the responses provided (see the appendix of this section for the specific questions).

A non-problem gambler is classified as a respondent who answers up to two items in the affirmative, problem gamblers either three or four and probable pathological gamblers five or more. Those achieving the latter two scores at any time in their lives were respectively considered to be lifetime problem or pathological gamblers. If they achieved those scores in the past 12 months, they were respectively considered to be current problem or pathological gamblers.

What do the terms problem gambling and probable pathological gambling mean? The 1998 report uses "disordered gambling" to help explain the two terms. It cites the use of "disordered gambling" by Shaffer, Hall and Vander Bilt (1997), who conducted an analysis of problem gambling prevalence studies.

> In an effort to provide a helpful conceptual framework, they offer the term "disordered gambling" for two main reasons: (1) the concept of disordered gambling transcends each of the existing constructs (e.g., excessive, problem, pathological, and compulsive gambling) by recognizing that each of these categories represents, at various levels of intensity, a lack of order in one of the major systems of human experience (e.g., social, psychological, or biological systems); and (2) the notion of disorder represents a continuum of experience (ibid).

The Alberta study uses problem and pathological gambling to "…describe the severity of respondents' gambling disorders." Pathological gambling is more severe or serious than problem gambling.

Comparing the 1998 and 1994 Results

Both the 1994 and 1998 studies are accurate 19 times out of 20 to within 2.3%. In other words, "… with a province-wide sample of 1,821 adult Albertans, one can say with 95% certainty that the results for each survey are within ±2.3% of what they would have been if the entire adult population of Alberta had been interviewed" (Wynne Resources and AADAC, 1998).

Following are some general findings comparing the gambling and problem gambling prevalence in Alberta between 1994 and 1998.

Table A3-1: Gambling and Problem Gambling Prevalence Research Studies *

"Life-time" Gamblers/Non-Gamblers (reporting gambling at least once in lifetime)	1994 STUDY	1998 STUDY
Gamblers	93.0% (1)	97.0% (1)
Non-Gamblers	7.0%	3.0%
Non-Problem Gamblers	84.4%	89.1%
Problem Gamblers	5.9%	5.2%

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* In the 1994 and 1998 studies an instrument, the South Oaks Gambling Screen (SOGS-R) was "used to differentiate non-problem, problem and probable pathological gamblers. Problem gamblers are the "less severe" group of adults with gambling problems, having answered "yes" to 3 or 4 items of the 20 items in the SOGS-R. Probable pathological gamblers are the "more severe" group of adults with gambling problems, having answered "yes" to 5 or more items." (Wynne and AADAC, 1998).

"Life-time" Gamblers/Non-Gamblers (reporting gambling at least once in lifetime)	**1994 STUDY**	**1998 STUDY**
Probable Pathological Gamblers	2.7%	2.7%
"Current" Gamblers/Non-Gamblers (reported gambling in past 12 months)		
Gamblers	90.3% (1)	87.4% (1)
Non-Gamblers	9.7%	12.6%
Non-Problem Gamblers	84.9%	82.6%
Problem Gamblers	4.0%	2.8%
Probable Pathological Gamblers	1.4%	2.0%
Top five gambling activities (largest total monthly expenditure and average monthly expenditure)	1. stocks, commodities, options 2. lottery tickets 3. bingo 4. games at casinos outside Alberta 5. VLTs	1. stocks, commodities, options 2. VLTs 3. games at casinos outside Alberta 4. lottery tickets 5. games at local casinos

(1) Figures reported as being statistically significant (p less than or equal to .01).

Of note is 4.8% of adult Albertans are estimated to have a gambling problem. That compares to 5.4% that had a gambling problem in 1994. In the 1998 study it was estimated 2.8% of adult Albertans are problem gamblers (i.e., with some problems) while 2.0% are probable pathological gamblers (i.e., with serious problems); that compares to 4.0% and 1.4% respectively in 1994.

As indicated in the table above, certain gaming activities are more popular than others in terms of total and average monthly expenditures. The report cites particular concern with gaming activities such as VLTs. It notes probable pathological gamblers are likely to engage in a range of continuous play gaming activities, including bingo, casino games and instant win tickets. It further notes there is a greater relationship with VLTs and severe gambling disorders. The reports concludes by indicating further study is needed to "…explore the causal linkages, the presence of intervening variables, and the relationship of continuous play-games –VLTs and others – to severe problem gambling."

Recommendations

The 1998 report made seven recommendations in the areas of education and prevention, treatment, training and research. They are as follows:

1. In order to ensure public awareness and understanding, AADAC should continue to develop, deliver and enhance its general awareness and education programming on problem gambling.
2. For those at risk for developing gambling problems, AADAC should continue education and prevention initiatives that support early recognition, intervention and referral.
3. AADAC should continue to ensure there are a range of treatment interventions available to match the level of gamblers' treatment needs.
4. AADAC should continue to screen all clients for multiple addiction problems and ensure an integrated approach to treatment services.
5. AADAC should continue to target education and treatment training strategies that support early recognition, intervention, and referral for those at risk for developing gambling problems.

6. AADAC recommends the adoption of an epidemiological framework for gambling research. As a first step, AADAC supports re-analysing the 1994 and 1998 Alberta prevalence study research within an epidemiological framework, and we also encourage the work of independent researchers in this area. AADAC recommends that this framework be used to guide policy and program development.
7. AADAC recommends the review and refinement of the research methodology and instruments to measure problem gambling in the general population before the next prevalence study in 2002 or 2003. Because this work will take time, and policy and program decisions need to be made now, AADAC also recommends a "best advice" approach to interpreting the current gambling research.

These recommendations have been incorporated into AADAC's business planning process.

Addressing Problem Gambling

The gambling and problem gambling prevalence reports have affected the way in which gaming is approached. More attention is paid to raising the awareness of problem gambling than in the past. The public also expects the government exercise social responsibility as it manages and controls gaming activities in the province.

Alberta's Lead Agency

Seven years ago the government appointed the Alberta Alcohol and Drug Abuse Commission (AADAC) as the province's primary problem-gambling treatment, prevention, education and research agency. Its problem gambling programs are funded entirely through the Alberta Lottery Fund.

Over the past seven years AADAC has introduced a number of initiatives. They include:

- education and treatment programs for problem gamblers (many target adolescent education and prevention);
- campaigns to increase awareness of problem gambling include the use of posters, print, television and radio advertising;
- education programs that involve training for members of the industry and the public; and
- research such as measuring the extent of gambling and problem gambling in the province.

AADAC provides a 1-800 crisis problem gambling help-line, outpatient counselling and in-patient treatment. New treatment programs include non-residential intensive treatment, crisis stabilization, adolescent early intervention gambling survey screen and Chinese gambling outreach programs.

The agency works closely with other agencies including mental health, education boards and community boards. It works closely with the Commission and members of the gaming industry in addressing problem gambling.

AADAC Treatment Statistics

Following are statistics provided by AADAC regarding admissions for problem gambling treatment in Alberta. Also included are figures for the most frequent type of gambling reported through AADAC's 1-800 problem gambling telephone line.

Table A3-2: Problem Gambling Treatment Admissions & Calls to 1-800 Problem Gambling Telephone Help Line: 1995-96 to 1999-2000

	1995-96	1996-97	1997-98	1998-99	1999-2000
AADAC Admissions	2,316	2,617	2,899	3,100	n.a.
1-800 calls	2,713	3,020	3,794	4,132	3,527

Table A3-3: Most Frequent Type of Gambling - AADAC Admissions: 1998-99

TYPE	% ADMISSIONS REPORTED AS MOST FREQUENT TYPE OF GAMBLING
VLTs	66.6
Casinos	12.7
Bingo	10.2
Lotteries	3.1
Games of Skill	1.6
Sports Betting	1.3
Other	0.6

Table A3-4: Most Frequent Type of Gambling Reported on 1-800 Line: 1996-97 to 1998-99

TYPE OF GAME	1996-97	1997-98	1998-99	1999-2000
VLTs	59.4%	58.8%	53.0%	49.7%
Unknown	no data	19.4%	21.0%	23.6%
Casinos	8.4%	9.5%	10.9%	12.1%
Slot Machines	1.6%	2.0%	3.3%	4.5%
Lotteries, Pull Tabs or Scratch Tickets	4.6%	3.3%	3.7%	3.7%
Bingo	4.2%	3.9%	3.3%	2.5%
Stocks	no data	0.2%	0.2%	1.6%
Racing	1.8%	1.5%	1.4%	1.3%
Sports Betting	1.4%	1.2%	1.0%	0.8%
Other	18.7%	0%	2.4%	0.2%

AADAC has indicated service delivery statistics (admissions and 1-800 line calls) tend to be more strongly influenced by public awareness and understanding of gambling problems, advertising and program outreach activities than by the level of problem gambling prevalence.

Commission Initiatives

The Alberta Gaming and Liquor Commission recognizes the importance of addressing problem gambling as a social issue. In that regard it has worked closely with AADAC in promoting the agency's problem gambling education, prevention and treatment services.

Commission policy requires operators of gaming facilities or those offering gaming activities post information about AADAC's problem gambling services. Those facilities include casinos, bingo association halls, bars and lounges with VLTs and ticket retailer locations.

The Commission is a partner with AADAC in providing and encouraging responsible gaming standards at gambling venues. It encourages gaming retailers to provide problem gambling information sessions for staff as part of their overall staff orientation practices and to incorporate clear responsible gaming standards as part of doing business.

The Commission, AADAC and the industry continue to develop new responsible gaming initiatives.

The Commission is researching problem gambling features available on VLTs. These include automatic cashouts, timed play and screen savers with AADAC help line messages.

A Casino Voluntary Self Exclusion Program was implemented in 2000-01. The program was developed by the Commission in close cooperation with Alberta casino operators. It allows individuals with a gambling problem to voluntarily request they be placed on a list denying them entry into any casino in Alberta. Photographs of those individuals are provided to casino staff across the province. The Alberta Hotel and Lodging Association (AHLA) has also established a similar voluntary program through members who are also VLT retailers.

The Commission consults with industry members on adopting programs to reduce problem gambling, including VLT operators and casino facility operators.

Other initiatives are discussed elsewhere throughout the report of the Gaming Licensing Policy Review.

Commitment to Research

The field of treating problem gambling is relatively new. That is in contrast to the experience and knowledge in the treatment for alcohol or drug abuse, which the province has been providing over the past few decades.

Those involved with problem gambling treatment and research recognize the problem is complex and there is more to be learned about it. This is reflected in the province's 1998 gambling study which concluded:

> …pathological [or serious problems with] gambling is frequently accompanied by heavy use of alcohol, tobacco, and, to a lesser extent, drugs for some individuals. In the past five years, there has been a growing awareness of the multiple addictions phenomenon in both research and in treatment practice, and clinicians are more vigilant in screening clients for a constellation of addiction problems (Wynne Resources Ltd. and AADAC, 1998).

A similar view was expressed in a earlier report entitled *Gambling in Canada: A Report by National Council of Welfare* published in 1996. It noted: "Whether or not gambling creates, or contributes to other addictive behaviours is a matter of some debate, as is the question of which addiction comes first."

The need for more and better research was identified at the Lotteries and Gaming Summit '98. In the summit report it was recommended: "… the provincial government dedicate more resources to gaming research in areas like the prevention and treatment of problem gambling, the social impacts of lotteries and gaming, native gaming issues, and emergent gaming activities."

The government accepted the recommendation and in response established the Alberta Gaming Research Institute on November 26, 1999. The institute, funded by the Alberta Lottery Fund, is a consortium comprising the University of Alberta, University of Calgary and University of Lethbridge.

In its 2000-03 business plan, the institute notes its mission is "To significantly improve Albertans' knowledge of how gambling affects society." Its core purposes are to:

1. Expand the breadth and depth of scientific knowledge into gambling;
2. Provide education about current knowledge through research publications and reporting of research results;
3. Provide research related to emergent gaming activities;
4. Act as a clearinghouse for literature related to gaming research; and,
5. Forge strong collaborative links with national and international scholars and organizations involved in gaming/gambling research studies.

Various measures are identified to determine the institute's performance in identified areas.

One of the first projects of the institute is to complete a review of literature in four broad gambling areas before undertaking other research activities. Those areas are:

1. Bio-psychological and health care, including new developments in the prevention and treatment of problem gambling, including new knowledge, efficacy and effectiveness, and evolution;
2. Socio-cultural, including prevalence research, and the social impacts of lotteries and gaming, including aboriginal issues;
3. Economic, including prevalence research, and the economic impacts of lotteries and gaming; and,
4. Government and industry policy and practice.

(Alberta Gaming Research Institute website, <<www.abgaminginstitute.ualberta.ca>>)

Industry Involvement

The full success of problem gambling initiatives requires the support, commitment and involvement of Alberta's gaming industry. Some members of the gaming industry in Alberta have expressly recognized the importance of creating or participating in programs to address problem gambling.

The Commission has encouraged members in the industry to become involved in problem gambling initiatives. Some of these initiatives were mentioned earlier. To reinforce the importance of their involvement, Commission policies specifically require licensed gaming facilities, including casinos and bingo halls, post or make available problem gambling information as requested through the Commission. Similarly, VLT retailers and ticket lottery outlets are required to make available similar information to their customers.
Some members of the industry, through their own initiative and with the Commission's endorsement, have introduced problem gambling awareness training for their staff.

The Alberta Gaming Industry Association (AGIA) has indicated it aims to proactively address problem gambling in addition to fulfilling its role of representing the financial interests of industry members to the government. Membership to the association is open to anyone involved with gaming activities, including VLTs, bingo and casinos.

The Alberta Hotel Association (now the Alberta Hotel and Lodging Association) has proposed hotel gaming rooms be introduced, in response to public concerns video lottery terminals (VLTs) are too readily accessible in bars and lounges. The proposal suggests removing VLTs from bars or lounges in a hotel and instead allow for single rooms dedicated to slot machine gaming.

Implications

There are strides being made to heighten awareness of problem gambling in the province. Various initiatives to address problem gambling have been identified in this section and are currently underway. Research has been conducted in the past to alert Albertans to the potential harm that may arise from gambling. Efforts are being made to obtain new research, to provide better information on the social and economic costs and benefits of gaming, to help guide gaming policy development in the future.

Through the Gaming Licensing Policy Review process, the Commission is examining other possible initiatives. The sections dealing with specific gaming activities identify the topic of social responsibility under primary issues to be addressed. The question being asked is whether there are other ways in which the Commission may assist AADAC to address problem gambling.

This question will continue to be asked in the future, as the Commission develops specific gaming licensing policies over the next five years in keeping with the direction provided through the gaming licensing review process.

Appendix

South Oaks Gambling Screen (SOGS)

The South Oaks Gambling Screen (SOGS) was used in the Alberta gambling and problem gambling prevalence studies of 1994 and 1998. The screen consists of a number of questions posed to respondents.

The first part of each question is about whether the respondent *ever* acted in a particular way regarding gambling. The response is considered to represent the respondent's "lifetime" occurrence regarding the action or behaviour. In addition, for each question the respondent was also whether that behaviour or action occurred in the past year. The response here is considered to be the respondent's "current" behaviour.

The SOGS questions follow. Only the first part of the question regarding lifetime behaviour is included. For the sake of brevity the second part dealing with current behaviour is omitted.

1. When you participate in the gambling activities we have discussed, how often do you go back another day to win back money you lost? (possible responses: never, some of the time, most of the time, every time, don't know, refused.)
2. Have you ever claimed to be winning money from these activities when in fact you lost? (possible responses: never, some of the time, most of the time, every time, don't know, refused.)
3. Do you ever spend more time or money gambling than you intended? (possible responses: yes, no, don't know, refused.)
4. Have people ever criticized your gambling? (possible responses: yes, no, don't know, refused.)
5. Have you ever felt guilt about the way you gamble or about what happens when you gamble? (possible responses: yes, no, don't know, refused.)
6. Have you ever felt that you would like to stop gambling, but didn't think that you could? (possible responses: yes, no, don't know, refused.)
7. Have you ever hidden betting slips, lottery tickets, gambling money or other signs of gambling from your spouse or partner, children, or other important people in your life? (possible responses: yes, no, don't know, refused.)
8. Have you ever argued with people you live with over how you handle money? (possible responses: yes, no, don't know, refused.)
9. Have these money arguments ever centred on your gambling? (possible responses: yes, no, don't know, refused.)
10. Have you ever missed time from work or school due to gambling? (possible responses: yes, no, don't know, refused.)
11. Have you ever borrowed money from someone and not paid them back as a result of your gambling? (possible responses: yes, no, don't know, refused.)
12. Have you ever borrowed from household money to gamble or pay gambling debts? (possible responses: yes, no, don't know, refused.)
13. Have you ever borrowed money from your spouse or partner to gamble or to pay gambling debts? (possible responses: yes, no, don't know, refused.) *If no spouse or partner, answer no.*
14. Have you ever borrowed money from other relatives or in-laws to gamble or to pay gambling debts? (possible responses: yes, no, don't know, refused.)
15. Have you ever gotten loans from banks, loan companies or credit unions for gambling or to pay gambling debts? (possible responses: yes, no, don't know, refused.)
16. Have you ever made cash withdrawals on credit cards such as VISA or Mastercard to get money to gamble or to pay gambling debts? (Does not include ATM or instant cash cards). (possible responses: yes, no, don't know, refused.)
17. Have you ever gotten loans from loan sharks to gamble or to pay gambling debts? (possible responses: yes, no, don't know, refused.)
18. Have you ever cashed in stocks, bonds or other securities to gamble or pay gambling debts? (possible responses: yes, no, don't know, refused.)
19. Have you ever sold personal or family property to gamble or to pay gambling debts? (possible responses: yes, no, don't know, refused.)
20. Have you ever borrowed money from your chequing account by writing cheques that bounced to get money for gambling or to pay gambling debts. (possible responses: yes, no, don't know, refused.)
21. Have you ever had a credit line with a casino or bookie? (possible responses: yes, no, don't know, refused.)
22. Do you feel that you ever had a problem with betting money or gambling?
23. Have you ever wanted to stop gambling?
24. Have you ever tried to get help to stop gambling?
25. Where did you go for help? (list provided, including family, friends, Gamblers Anonymous or other support group, social worker, priest, minister or rabbi, AADAC, etc.)
26. Have you ever been in trouble with the law because of activities related to gambling?

27. While gambling, have you ever felt like you were a different person? Would you say … (possible responses: almost always, most of the time, sometimes, never, don't know, refused.)
28. While gambling, would you say you ever felt like you were in a trance? Would you say … (possible responses: almost always, most of the time, sometimes, never, don't know, refused.)
29. While gambling, have you ever lost track of time? Would you say … (possible responses: almost always, most of the time, sometimes, never, don't know, refused.)
30. While gambling, have you ever felt like you were outside yourself, watching yourself doing it? Would you say … (possible responses: almost always, most of the time, sometimes, never, don't know, refused.)
31. After gambling, have you ever experienced a memory blackout for the things that happened while you were gambling? Would you say … (possible responses: almost always, most of the time, sometimes, never, don't know, refused.)

REVENUES,
DISBURSEMENTS
& PROCEEDS

GAMING REVENUES, DISBURSEMENTS AND USE OF PROCEEDS

Contents

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F. Gaming Conducted and Managed by Government

A. Legislative Authority

The *Criminal Code* (Canada) establishes the foundation for gaming activities. All gambling that occurs in any province or territory must meet the requirements of the *Criminal Code*.

A few key sections of the *Criminal Code* are described at the outset of this section, to establish the context for the discussion about gaming revenue, disbursements and proceeds in the province.

Criminal Code Requirements

Under Canadian law, gaming activities would be illegal if it were not for specific provisions of the *Criminal Code* (Canada) that exempt various gaming activities from being illegal. Revenue that is generated from gaming that is not specifically permitted would be considered illegal gains.

Section 207(1)(a) - Gaming Conducted and Managed by the Provincial Government

Section 207(1)(a) of the *Criminal Code* allows a provincial government to conduct and manage a lottery scheme in the province in accordance with any provincially enacted law. In Alberta those lottery schemes include ticket lotteries, video lotteries and slot machines. Moreover, a provincial government in conjunction with another province may conduct and manage a lottery scheme in those provinces according to laws enacted by their respective legislatures.

The relevant provincial legislation in Alberta is the *Gaming and Liquor Act* (Alberta).

Section 207(4)(c) makes it illegal for any organization or individual, other than a provincial authority, to conduct or manage electronic games. In Alberta that authority is the Gaming and Liquor Commission.

Section 207(1)(b) - Gaming Conducted and Managed by Charitable and Religious Organizations

In Alberta, bingo, casinos, raffles and pull tickets are considered "lottery schemes." Those lottery schemes would be illegal if it were not for the provisions of Section 207(1)(b) of the *Criminal Code* which state it is lawful:

> …for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;…

The Lieutenant Governor in Council of Alberta, through the Gaming and Liquor Act, has specified the Alberta Gaming and Liquor Commission is the authority that may issue licences to charitable or religious organizations to conduct and manage lottery schemes. The Commission is governed by the *Gaming and Liquor Act*, *Gaming and Liquor Regulation* (Alberta) and policies of the Board of the Commission.

Moreover, Section 207(2) of the *Criminal Code* grants authority to the provincial authority which issues gaming licences to prescribe "…terms and conditions relating to the conduct, management and operation of or participation in the lottery scheme…".

Section 207(1)(C) - Gaming Conducted and Managed by an Agricultural Fair or Exhibition

The *Criminal Code* in its provisions allows for agricultural fairs or exhibitions to conduct and manage a lottery scheme if they are licensed to do so by the provincial authority, which in Alberta, as mentioned previously, is the Commission.

B. Two Ways Proceeds are Obtained

In Alberta, all proceeds from gaming are used for charitable, non-profit, public or community initiatives. Those proceeds are available from two sources or streams, as follows:

- Proceeds earned by eligible charitable or religious groups from the charitable gaming activities they have been licensed to conduct and manage (bingo, casinos, raffles and pull tickets). Those proceeds must be used for charitable or religious objectives or purposes.

- Proceeds generated through government-conducted and managed gaming (ticket lotteries and electronic gaming). These funds are directed to the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community-based initiatives. Each year, through government's budget process, the provincial legislature votes on the disbursement of those funds.

C. Gaming Conducted and Managed by Charitable or Religious Organizations

Charitable Model

Gaming activities eligible charitable or religious organizations may conduct and manage in Alberta are as follows:

- casino - table games;
- bingo - association and community (non-association) bingo;
- raffles - raffles with a total ticket value of $10,000 or more, and those of a lesser total ticket value; and
- pull tickets - also referred to as Nevada tickets or break-open tickets.

The manner in which those games are managed and conducted in Alberta is referred to as the "charitable model." That is, they may only occur in the province when eligible organizations receive licences to conduct the gaming activities.

Volunteers of the licensed organizations manage and conduct the gaming activities on behalf of their organizations. Thus they earn the gaming proceeds they obtain from their direct involvement in those activities. Organizations that hold a casino are eligible to receive a portion of the revenues generated from slot machines as determined by the Commission, which conducts and manages slot machines on behalf of the province.

Alberta's charitable model is highly regarded by many charitable organizations. The model is distinct in Canada as to the relatively high involvement by charitable or religious organizations in gaming activities. In other jurisdictions, the government typically plays a more prominent role in conducting and managing gaming activities and distributes proceeds as it deems appropriate. In Alberta eligible charities may decide how aggressively they wish to pursue gaming to raise funds, are given greater opportunities to do so than elsewhere and obtain the funds directly through charitable gaming activities. The Alberta government has made a commitment to maintain the province's charitable gaming model in response to a recommendation of the Lotteries and Gaming Summit '98.

Under the charitable model, licensed charitable and religious organizations may enter into contracts with service providers to assist in operating casinos or raffles (e.g., casino operators, casino advisors, ticket raffle managers). A bingo association may hire employees to assist its member charities in the operation, delivery and administration of bingo events at its association bingo hall. Even so, there continues to be a large requirement for volunteer involvement in bingo events. In 1999-2000 there were close to 47,000 bingo events held across the province requiring an estimated average of 15 to 20 volunteers per event. Licensed pull ticket sales generally are delivered by the volunteers of licensed organizations, although licensed charities may hire staff to sell pull tickets.

Commission's Role

The Commission's role in charitable gaming, as stated in *Charitable Gaming in Alberta: 1999-2000 in Review*, is as follows:

> The [Commission] endeavours to ensure, through the setting of appropriate policies, procedures and terms and conditions for [charitable] gaming activities, the financial return to charitable and religious groups is maximized for the benefit of the charitable organizations, the programs and activities they deliver and the communities in which these activities are undertaken.

The Commission also "…seeks to ensure, as part of its mandate, the integrity of gaming is maintained through ongoing reviews of these gaming activities, the licensing process and enforcement of policies, procedures and terms and conditions."

Eligibility

The following are criteria established by the Commission to determine whether or not an applicant is eligible for a charitable gaming licence. The following is from the Commission's Licensing policies.

The group must provide a public or community benefit as follows:

a) Relief of the aged or disadvantaged:
  - relief to the poor;
  - programs for the elderly so they stay active in society; or
  - social services and educational programs for the emotionally or physically distressed.

b) Advanced education and learning by providing:
  - student scholarships;
  - aid to schools;
  - aid to libraries;
  - aid to museums;
  - aid to the arts;
  - aid to the preservation of cultural heritage.

c) Provide help to the community which:
  - make improvements to the quality of health;
  - support medical research;
  - aid medical treatment programs;
  - supply a facility for community use;
  - support competitive amateur athletics; or
  - contribute places for worship and other religious programs.

The structure of the group that is applying for a licence must meet the following criteria:

(a) its membership is voluntary and broad based;
(b) its executive is chosen democratically from its volunteer base;
(c) its members, directors and officers are not paid;
(d) its programs must benefit the community, not members' self interest;
(e) its volunteers establish, maintain and deliver the group's programs;
(f) the group is not-for-profit; and
(g) groups applying for a licence for which licence fees are charged (i.e., casino events, bingo in a licensed facility or where total sales of all game cards held under the licence exceed $150,000 per year, pull tickets and raffles with total ticket value of more than $10,000) must be incorporated. Acceptable forms of incorporation are:
    i) Societies Act;
    ii) Part 9, Companies Act;
    iii) Part II, Canada Corporations Act;
    iv) other Alberta Statutes, approved by the AGLC board, as follows:
        - Band Council Resolution for a First Nations Charity operating an event on their reserve. To operate a gaming event off the reserve, a charity would have to be formally incorporated;
        - a group controlled under the School Act (with the exception of school councils which are not eligible for licensing);
        - a group established under the Regional Health Authorities Act to enhance hospital care for people in the community; or
    v) a First Nation or organization operating under the umbrella of a First Nations will be eligible to apply for a casino licence. A First Nations has the authority to designate a group as charitable under a Band Council Resolution.

A group providing recreational sports activities for its members, and that operates a facility, may be eligible for a licence if:

a) the group is incorporated under the Societies Act, or Part 9 of the Companies Act;
b) its bylaws include a dissolution clause. If a group "dissolves," any assets remaining after paying debts and liabilities must be given to eligible charities;
c) its membership represents a large portion of the community; and
d) the public has reasonable access to the facility. It must be used by them at least 50% of the time.

Public educational institutions or schools established by statute are not considered charities under gaming licensing policies.

On the other hand, educational groups within or affiliated with institutions or schools (such as classrooms, school clubs/societies, student unions, parent teacher or alumni groups) may qualify for certain types of gaming licences.

***Following are the criteria*:**

a) The governing body of the institution/school must approve of the activity in writing. It must also approve the purpose for which the funds will be used. The proper authorities are:
   - Board of Governors of a University, College, Community College, etc;
   - President of a post secondary trade or vocational school such as SAIT, NAIT, and AVC;
   - School Board for high schools; and
   - Principal for junior high or elementary schools.

b) The proposed use of gaming proceeds must be for a bona-fide charitable or religious purpose or activity. Funds may not be used for a purpose that is social or recreational in nature.

c) The group must identify two or more members 18 years or older to be responsible for the licensed gaming activity. If there are no members 18 years or older in the group, the authorizing authority shall appoint two adult individuals affiliated with the group. They are responsible for the following:
   - submitting the application;
   - ensuring Licence Terms and Conditions are complied with;
   - ensuring gaming funds are used only for approved uses; and
   - ensuring the required financial reports are submitted.

D. Commission Categories of Groups Eligible to Apply for Gaming Licences

Under the Commission's policy, an applicant for a gaming licence must be a charitable or religious organization or an "Agricultural Fair or Exhibition."

The policy identifies various groups that *may or may not* be eligible for gaming licences. They are listed in the following table. Note: in the table C.C.C. refers to the *Criminal Code* (Canada).

Table A4-1: Groups Eligible or Ineligible to Obtain a Charitable Gaming Licence

GROUP CATEGORIES	DESCRIPTION AS TO ELIGIBILITY OR INELIGIBILITY
Athletic and Recreational - Amateur Athletic Groups	• Community or regional level • Encourage physical fitness through organized individual or team competitive athletic activities • Single teams are generally considered "self interest" • within the specific community, a team may represent the most senior and only level of competitive athletic activity and in this situation may be eligible.
Athletic and Recreational - Outdoor Recreation	• Community or regional level • Encourages fitness through outdoor activities • Organized on basis of individual or team competition
Athletic and Recreational - Facilities	• Formed to promote recreation through sporting activities among members • Operates a facility for that purpose
Athletic and Recreational - Coodinating/ Govern-ing Bodies	• Act as provincial governing body for specific athletic or outdoor competitive recreational activity
Athletic and Recreational - Recreational Self-Interest	• Promote individual leisure-time interests of members • Activities focused on participating in sporting events not part of a structured developmental program • *Eligible only* for a raffle licence, per C.C.C., S. 207(1)(d)
Arts and Education - Schools and Support Groups	• Educational groups (e.g., classrooms, school clubs or societies, student unions, parent-teacher assn's, alumni groups) • Governing body must approve licence application • Proceeds must be used to provide equipment, supplies or services to educate students
Arts and Education - Historical Resources	• Provide general public access to historical resources • Includes development and operation of public facilities for that purpose, e.g., historical book committee, museums

GROUP CATEGORIES	DESCRIPTION AS TO ELIGIBILITY OR INELIGIBILITY
Arts and Education - Performing Arts	• Promote performing arts (e.g., dance, theatre, opera, choral singing, school bands, etc.) • Activity includes providing a facility to hold those activities • Group is considered one of "self interest" when art form is produced is a marketable product, and/or members develop skills which become marketable services available for instruction and teaching of others • Group may be eligible if operates arms-length from these self-interest groups, or provides means of continuing education for members, at a reasonable rate to the public who normally would not have access to that service
Arts and Education - Visual and Literary Arts	• As per Performing Arts • Includes arts and crafts, sculpture, etc.
Community Services - Community Leagues/Assn's	• Incorporated as such in Calgary or Edmonton, or • Provide same types of functions as these in other parts of the province
Community Services - Ethno-Cultural	• Identify with a specific ethnic or national origin • Activities are of a general nature that support a variety of programs in the community
Community Services - Nature Conservation	• Promote nature conservation through educational programs • Operate public facility, or • Liaise with government agencies regarding public policy
Community Services - Veterans, Service and Fraternal	• Established by national charters • General activities provide community benefit • Includes auxiliaries to such groups
Community Services - Youth	• Provide variety of programming for young people
Community Services - Senior Citizens Groups	• Basic objective: to deal with special needs of senior citizens (60 years +)
Aid and Relief - Medical/Health	• Assist those afflicted with a specific physical or mental disorder • Includes support for basic medical research, auxiliaries or support groups to health care facilities and the handicapped
Aid and Relief - Agencies in Aid of the Distressed	• Have identified specific issues of social concern • Actively work to address the issues by providing a variety of social services and educational programs
Aid and Relief - Children's Issues-Day Care	• Note: such programs benefit working parents • Not formed to provide educational programs for children, although some child development may occur • *Eligible only for a raffle*, per C.C.C. s. 207(1)(d)
Aid and Relief - Children's Issues - Other than Day Care	• Have identified specific issues dealing with children • Actively address the issues by providing variety of social services and educational programs • Includes day cares [sic]

GROUP CATEGORIES	DESCRIPTION AS TO ELIGIBILITY OR INELIGIBILITY
Other - Associations of Employees, Occupations or Professions	• Employee groups, or those founded upon common occupations or professions • Structured principally for self-help, personal benefit or welfare of its membership • These groups are not eligible for licensing
Other - Chamber of Commerce/Board of Trade	• Formed to improve and advance trade and commerce and the economic and social welfare of an area • Only eligible in small towns where there is no service club and the chamber serves that purpose
Other - Fundraising Groups	• Different from those delivering a community service or program • These NOT eligible for licensing: it is not sufficient for group to donate percentage of proceeds to charity; they must be organized for purpose of delivering programs for community benefit, prior to granting licence
Other - Government	• Part of any level of government, or arm of government and is INELIGIBLE
Other - Hobby/Social	• Serve or further members' self-interest through pursuit of leisure time interests based upon hobby, recreational or social activities • Eligible ONLY for raffles licence, per C.C.C. s. 207(1)(d); must be hobby or recreational centred (if social in nature, INELIGIBLE for licensing)
Other - Lobby Groups	• Formed to affect changes in public policy • Are INELIGIBLE for licensing
Other - Promotional Organizations	• Formed to promote activities in a specific area which benefits commercial enterprises and provides a strictly social/recreational activity for members of the community and others • Are INELIGIBLE for licensing
Other - Umbrella Groups	• Formed by a number of charities to provide administrative services to members. • One or more charities may be licensed for a single gaming event; each must be separately licensed
Religious	• Churches, parishes, congregations, lay groups, etc. • Focus is to further religious principles and objectives, as opposed to groups with a religious affiliation involved in broad-based charitable work in the community
Agricultural Fairs and Exhibitions - Agricultural Fairs/Exhibit'ns	• As defined by C.C.C. ss. 206(3)(1) and 207(1)(c)
Agricultural Fairs and Exhibitions - Related Events	• Events held in conjunction with above (Agricultural Fairs/Exhibitions)

E. Permitted Uses of Gross Gaming Revenue and Gaming Proceeds from Casinos, Bingo, Raffles and Pull Tickets

The Commission administers policies which specify the allowable uses of gross gaming revenue (before prizes and expenses) and gaming proceeds (after prizes and expenses).

These policies are aimed at ensuring:

> … the financial return to charitable and religious groups is maximized for the benefit of the charitable organizations, the programs and activities they deliver and the communities in which these activities are undertaken.

Permitted Uses of Gross Gaming Revenue From Bingo, Casinos, Raffles and Pull Tickets

The terms and conditions for each type of gaming licence specify the permitted uses of gaming revenue. The following table is a summary.

Table A4-2: Permitted Uses of Gross Gaming Revenue From Charitable Gaming Activities

USE OF GROSS GAMING REVENUE	DESCRIPTION
General	• Gaming revenue is the total income from sales of games of chance at licensed premises. • Uses that do not comply with Terms and Conditions and Board policies are not approved. • Gaming revenue must be deposited in the licensed group's designated gaming account (a separate one for each gaming type). • All payments for approved prizes, expenses and charitable or religious uses must be made by cheque, payable directly to the vendor or supplier from the gaming account. • Groups have 60 days to complete and return gaming financial reports from the time they are sent by the Commission. • If total receipts are more than $10,000 copies of bank statements, cancelled cheques, invoices and receipts must be submitted. • Books and records of a licensee are subject to review and/or audit - they include the records of any entity related to the licensee or executive or board member of the licensee in receipt of any of the licensee's gaming funds directly or indirectly.

<table>
<tr><th>USE OF GROSS GAMING REVENUE</th><th>DESCRIPTION</th></tr>
<tr><td>Gaming Event Expenses</td><td>

Allowable expenses - the costs incurred by the licensee to operate a gaming event - are only those approved by the Commission.
Controlled bingo expenses shall not exceed 10% of gross revenue, and may include, with prior approval of the Licensing Division, AGLC:

paying approved hired staff,
cost of bingo cards/paper,
advertising the approved bingo program,
armoured car service,
office supplies, and
office equipment.

Non-controlled bingo expenses may include, with prior approval of the Licensing Division:

Rent,
licence fees,
bingo licensee concession,
Federation of Alberta Bingo Association (FABA) fee, and
GST.

Groups applying to operate non-association bingo in their own premises may not charge rent and must specify the costs to run the event (maximum is 10% of gross revenue).
Eligible casino expenses include:

approved casino fees as per Casino Facility and Service Agreement between casino operator and licensed charity (facility expenses are limited to 50% of net casino proceeds in Edmonton and Calgary, 65% in St. Albert and 75% elsewhere);
GST costs related to casino facility expenses;
casino advisor fees;
food and refreshment expenses for volunteers while working at the casino event, to maximum $346 in Edm., Calg., and St. Alb. and $173 for all others (including GST);
pool trustee fees; and
licence fees.

Eligible pull ticket expenses include:

costs of tickets and shipping charges including GST;
administrative cost of pull-ticket sales including wages for sellers (maximum of 10% of net revenue to pay administration costs in non-association facilities and maximum of 20% in bingo association facilities);
licence fees.

Eligible raffle expenses cannot exceed 30% of total ticket value, and may include:

cost of printing tickets,
costs of advertising the raffle,
commission of 5% of gross revenue from sold tickets to a commercial outlet to sell raffle tickets,
AGLC approved commission to other charities or religious groups to sell tickets (must use funds only for AGLC approved purposes),
registered raffle ticket manager, who may be paid a total of 5% of the total ticket value (total ticket value must exceed $10,000) and
licence fees.

</td></tr>
</table>

USE OF GROSS GAMING REVENUE	DESCRIPTION

Prizes	• Gaming revenue may only be used to pay for prizes approved by the AGLC.
	• Prizes are anything of value, such as money, property, merchandise or services, that a player of a game of chance played at a licensed gaming event has a chance to win.
	• Overall bingo game prizes: 65% of card sales to maximum of $15,000 per bingo event (excludes satellite games, accumulated amount of progressive game prizes such as loonie pot and bingo association give-aways).
	• Other bingo standards: per Bingo Licensee Terms & Conditions, Section 2.2, and Bingo Terms & Conditions and Operating Guidelines, Section 4.2.
	• Casino event prizes: specified in rules of play for each approved game in Casino Terms & Conditions and Operating Guidelines, Section 10.
	• Pull-Ticket prizes: varies from unit to unit and determined by the pay out schedule for each approved unit; that schedule is printed on the unit flare (promotional poster) and front of each individual ticket. Maximum prize value for any one ticket is:
	  • $1,000 for a licensed group that sells pull tickets six days a week or more
	  • $500 for a licensed group that sells them less than six days per week.
	• Raffles prizes: the following apply:
	  • retail value of all raffle prizes must be at least 20% of the approved total ticket value;
	  • retail value of each individual prize must be equal to or greater than the individual raffle ticket price;
	  • when the retail value of the merchandise exceeds $5,000 independent confirmation of the prize value must be provided;
	  • if a prize is used as merchandise, two independent evaluations prepared by a recognized or licensed appraiser must accompany the application; and
	  • no raffle revenue may be spent on raffle expenses and approved use of proceeds until funds are available to pay for prizes.

Permitted Uses of Gaming Proceeds from Bingo, Casinos, Raffles and Pull Tickets

As with gaming revenue, the terms and conditions for each type of gaming licence specify the permitted uses of gaming proceeds, after prizes and expenses have been paid.

When eligible charitable or religious organizations apply for a gaming licence, they must state in their application how they propose to use the proceeds or proceeds they generate from their gaming event or activity. Only those uses that are permitted are approved. Any other uses are prohibited.

The following table summarizes the permitted uses of gaming proceeds from charitable gaming activities.

Table A4-3: Permitted Uses of Gaming Proceeds From Charitable Gaming Activities

USE OF PROCEEDS	DESCRIPTION

General	• Gaming proceeds may only be spent on charitable and religious purposes approved by the AGLC.
	• Proceeds are funds remaining from total gaming event revenue after paying for approved prizes and approved gaming event expenses.
	• Proceeds also include all interest, dividends, or other income earned on gaming funds deposited in interest account or held, with AGLC approval, in deposit certificate or investments made by a trustee.
	• Proceeds shall only be used for AGLC approved objectives that are essential to the delivery of the group's charitable or religious programs.
	• They shall be used to support the group's overall objectives, programs, and services as approved, and not solely to provide benefits to specific or select members of the group.
	• All payments for approved charitable uses shall be made by cheque from the gaming account; cheques to individuals are not permitted with prior AGLC approval.
	• Gaming proceeds shall normally remain in the gaming account until spent on approved uses. If not required immediately, gaming proceeds may:
	  • be put into a separate interest account;
	  • be used to purchase deposit certificates; or
	  • be invested subject to conditions applying to a investments by a trustee if the group qualifies as a trustee.
	• If proceeds are re-directed, as per above point, these conditions apply:
	  • investment (as per first two sub-points) must be fully insured in the Canada Deposit Insurance Act.
	  • financial institution, account or deposit number, or details of other permitted investments and total value of the funds transferred or invested must be identified on financial reports.
	  • all interest, dividends or other income earned becomes part of gaming funds (proceeds) and retained in a separate interest bearing account or as part of the investment if the income is in the form of shares or units; and
	  • when needed for approved uses, proceeds shall be transferred back to the gaming account to be disbursed.

Administrative Costs	• Those administrative costs necessary to deliver a charitable or religious program or service.
	• Eligible costs subject to approval include:
	  • indirect costs to deliver program or service — e.g., telephone, stationery, postage, bulletins and newsletters to the public about the group's community service programs.
	  • space rental for regular membership meetings and storage (excludes space within a residence or business premises of a member).
	Ineligible uses:
	• Costs of internal administrative activities are ineligible. Administrative costs that would continue to exist even if the group performed no community service are ineligible.
	• Other ineligible costs include:
	  • food and beverages, unless part of the program (e.g., food bank) or approved social activity for seniors
	  • salaries, wages, honorariums for performing administrative duties
	  • non-gaming accounting fees, and
	  • legal fees.

USE OF PROCEEDS	DESCRIPTION
Accounting Fees/Gaming Financial Reports	• Profit may be used to hire a professional accountant to prepare gaming financial reports, as follows: bingo, casino, pull-ticket, consolidated, supplementary, assistance fund and building account financial reports. • Bingo associations may pay for cost of association's required yearly audit. *Ineligible uses:* • Cost of preparing other financial reports may not be paid using gaming proceeds.

Amateur Athletics	• Proceeds may be approved to cover rental fees of facility for group's sporting events.
	• For officiating and judges' fees.
	• For coaching/instructor fees if duties performed are essential to program delivery; coach/instructor must have specialized qualifications; duties cannot be reasonably performed by volunteer.
	• To purchase uniforms and equipment required for the sport, to be owned by the group, not for personal use.
	• For membership, registration, affiliation or insurance fees to tournaments or local, provincial, national or international governing bodies when such fees are related to the group's specific objectives and individual members do not also pay the fee.
	• For following transportation costs for regular league play, and/or earned opportunity to go to a higher level of competition:
	    • transportation to and from competition
	    • local transportation while at the competition
	    • accommodation and meals during the competition, excluding liquor.
	• If approved, for trophies, plaques, ribbons; these must be earned by achievement and not for volunteer appreciation.
	Ineligible uses:
	• For cash or merchandise prizes, etc.,
	• To directly support adult sports programs.
	• For volunteer-appreciation trophies, plaques, ribbons, etc.

Assistance Fund	• Governing bodies of veterans and service groups approved to use proceeds for building funds may establish an Assistance Fund to help members groups in financial difficulty.
	• Contributions to the fund are made by members donating:
	    • maximum cumulative total of 5% of gaming proceeds earned during previous yr. Or
	    • unlimited amount from their 50% Building Fund Accounts.
	• Governing body must establish a separate fund bank account, and all donations, repayments and any other revenue must be deposited in this account.
	• Funds normally remain in the account until spent on approved uses.

USE OF PROCEEDS	DESCRIPTION

Building Funds	• Groups providing a public facility may use gaming proceeds for the building capital, rental and operating costs.
	• Eligible disbursements include:
	  • purchase of land, building, fixtures and furnishing
	  • facility mortgage, lease or rental payments
	  • utilities
	  • insurance - fire and liability
	  • property taxes
	  • janitorial costs and supplies
	  • repairs and maintenances, and
	  • renovations and leasehold improvement.
	• Group providing a facility with public access areas and areas for the exclusive use of its members and guests may use up to 50% of proceeds for the cost of its facility; the rest must be applied against other approved uses. E.g., Legions, service clubs providing club rooms for members' social activities and public access areas.
	• Groups to which the previous point applies, and which wish to use more than 50% of its proceeds for facility expenses, must submit its request to its governing body for review and approval before submitting the request to the AGLC. Consideration will be given in matters of financial need or if facility for community use is not available elsewhere in the municipality.
	• Group limited to 50% use of proceeds for facility expenses may donate an unlimited amount from its 50% building fund account to an Assistance Fund administered by the group's governing body.
	Ineligible uses:
	• purchase, maintenance, or repair of equipment, furniture or facility for income-producing operations or any other activities appearing to be of a commercial nature.

Capital Interest Fund / Scholarships & Bursaries	• Proceeds may be donated to a legally established charitable trust fund that supports educational bursaries or scholarships. • Trust funds must be administered by an AGLC approved body, e.g., post-secondary educational institution governed by Board of a university under Universities Act, or of a college under the Colleges Act, or of a technical institutes under the Technical Institutes Act. *Ineligible uses:* • investment in long term capital investments in which scholarships or bursaries are funded from the interest earned on the capital fund.
Debt Retirement	• Proceeds from one licence may NOT be used to cover gaming losses from another licence unless an approved pooling agreement is in effect, or specific approval is given by the Board.
Donations within Alberta	• For, or in support of, charitable or religious groups within Alberta delivering a program or service of benefit to the community. • Groups may donate a total amount of $1,000 or less to any eligible individual charity or religious group within Alberta without prior approval. • Donations of $1,000 or more of gaming proceeds required prior approval of Licensing.

USE OF PROCEEDS	DESCRIPTION

Donations outside AB and Canada	• To or in support of charitable or religious groups outside Alberta which actively deliver a program or service providing a community benefit.
	• Must meet Alberta's eligibility requirements (not those of other jurisdictions).
	• Limited to maximum cumulative total of 75% of proceeds earned the previous year (all may be donated within Canada, but only 50% if donated outside of Canada).
	• All require prior Board approval.
	• In Canada, proceeds may only be used for:
	  • disaster, emergency relief
	  • supporting nationally recognized charitable programs benefiting Albertans, e.g., Lions Eye Bank, Royal Cdn Legion's Youth Polio Fund, etc.
	  • medical and educational research programs to benefit all Canadians.
	• Outside Canada, proceeds may only be used for:
	  • international disaster, emergency relief
	  • projects in countries Board considers as developing or underdeveloped and appear on CIDA list eligible for Cdn official development assistance, that support:
	    • developing local self-sufficiency in providing basic human needs for water, food, sanitation, or shelter, or
	    • providing primary health care (acute care and public health) and basic education (reading, writing, basic math).

Education	• For costs of specific educational programs or support. • To provide a specific educational experience for students which is not principally recreational or social in nature and which otherwise would be unavailable (e.g., field trips, athletic tournaments and cultural exchanges). • To purchase educational equipment and supplies, e.g., audio visual equipment, athletic equipment, musical instruments which otherwise would be unavailable. All must remain with educational institution or school. • Governing body must approve in writing purpose for which proceeds will be used. *Ineligible uses:* • To supplement operational or capital budgets of institution or school.
Emergency Funds	• To provide equipment and supplies or train volunteers during emergencies, to provide relief for individuals or families in personal distress or victims of physical disaster. • Must obtain prior Licensing approval.

USE OF PROCEEDS	DESCRIPTION

Equipment / Uniforms / Costumes	• To purchase or rent equipment, furnishings, uniforms, costumes and/or a vehicle if essential to delivery of groups charitable programs or services.
	• Group will own the items purchased.
	• For uniforms or costumes if:
	  • required for competitive play, practice or artistic performance, and may only be used during these (not for unrelated activities)
	  • they are given to player or participant during season, returned at end of season
	  • have distinctive logo or markings
	  • groups provides written policy for use
	• For purchase of vehicle if:
	  • registered and insured in licensed group's name
	  • use for community service programs
	  • its keys are controlled to prevent unauthorized use.
	• Following from previous point, for vehicle repairs, operation and insurance.
	• If vehicle is sold by group, proceeds from sale must be returned to the gaming account.
	Ineligible uses:
	• For items of a personal, social or promotional nature, nor for activity or operation intended to produce income.
	• For purchase of vehicle for personal use or administrative activities of group.

Fundraising	• NOT to subsidize cost of fundraising activities, nor for purchase of equipment, supplies or services to be used in any activity or operation intended to produce profit. • If approved, may be used to buy equipment, supplies or services for use in charitable works for which an admission fee is charged, e.g., arts performance, *but only if* admission fee is reasonable, is set on the basis of cost recovery, and performance would otherwise not be available in the community.
Lobbying	• May be approved for information provided through public education programs or submissions to government which reflect a balance of views on a particular issue of public concerns. • NOT for disbursements related to supporting activities directed toward achieving changes in public policy, i.e., conducting activities to influence or attempt to influence government in favour of a specific cause. • NOT for political activities such as candidacy costs for public office, conventions of public parties, and research costs for a particular political party.
Promotional Activities	• For promotional activities to increase public awareness and participation in charitable or religious programs. • Includes advertising in newspapers, radio, television, posters, signs, pamphlets, letters and internet web pages. • NOT to pay for advertising to attract new members, nor for promotional activities that benefit a commercial activity or enterprise.

USE OF PROCEEDS	DESCRIPTION

Senior Citizen Activities	• For approved expenditures related to special needs of senior citizens (those *60* years of age or older)
	• May be used for seniors entertainment, including meals but excluding liquor, if:
	  • there is broad-based community involvement with activities, not limited to members of the licensed group
	  • entertainment is for seniors
	  • gaming proceeds used to recover costs, not to generate profit
	• May be used for seniors travel if:
	  • there is broad-based community involvement and eligibility for trips is not limited to members of the licensed group
	  • any travel provided is for the seniors
	  • expenditures restricted to direct transportation, meals and accommodation costs within the province.

Social Events	• Activities involving senior citizens may be funded (see "Senior Citizen Activities," above). *Ineligible uses:* • For activities which primarily serve the personal entertainment of those attending, such as recreational and hobby activities.

Travel - Amateur Athletic Groups	• If approved, gaming proceeds may be used for travel to organized, structured and sanctioned competitive events by individuals and teams involved in structured, developmental and competitive amateur athletics.
	• Competitive event must:
	  • form regular part of group's programs, e.g., scheduled league games, league tournaments, or competitions affecting team standings in sport in Alberta;
	  • be a recognized or sanctioned playoff or championship to which individual or team qualifies due to successful play in Alberta competition; and
	  • be approved in writing by the proper governing body of the sport (normally the local body for competition in Alberta, provincial body for those outside Alberta, and national body for those outside Canada).
	• For costs of direct route transportation, meals and accommodation during the event or activity.
	• Only for allowable expenditures of participants and sports personnel.
	• Proceeds may be approved for adult support personnel.
	Ineligible uses:
	• For travel expenditures that are recreational, social or administrative in nature.
	• For travel to tournaments and competitions where entry is based on paying a registration fee or accepting an invitation rather than on achieved performance standings.
	• For travel of adult participants or adults sports teams.

USE OF PROCEEDS	DESCRIPTION
Travel - Conventions, Conferences, Seminars, Workshops, Clinics and Meetings	• May be approved for travel to identified events that directly relate to group's charitable programs or services. • Event must primarily be organized for educational purposes of a specific charitable program or service the group supports or delivers to the community; delegates must be in a position to train other members of their group upon return. • For sports and performing arts groups, to pay expenses of coaches and instructors to attend events if directly related to delivery of charitable objectives approved for the groups when it was licensed. • Prior written approval of Licensing is required for bingo associations to send paid staff, executive officers and members of board of directors to events. • Only for registration fees and costs of direct-route transportation, meals and accommodation during the event. *Ineligible uses:* • For events primarily administrative in nature; service clubs may be approved if event relates directly to operation of a program or service it sponsors. • For wages or for any reimbursement of lost wages from an individual's regular employment, as a result of attending the event.
Travel - Education	• For travel that enriches an educational institution or school's curriculum. • Institution or school must be recognized by Alberta Learning. • For trips providing an educational experience not otherwise available. • Governing body must approve the trip in writing and confirm that it enriches the approved educational curriculum (i.e., board of governors for university, college, community college, etc; president for post-secondary trade or vocational school; school board for high schools; and principal for junior high or elementary schools). • Only for direct-route transportation costs, and meals and accommodation during period of activity or event. • Only for allowable expenditures of participants and supporting personnel. *Ineligible uses:* • For meals or activities of a social nature.

Travel - Performing Arts Groups	• For travel if the group is participating in a recognized and organized event, such as competition or festival related activities such as music, dance and drama.
	• For travel outside Alberta, the group must:
	    • be selected for its level of creative achievement or success
	    • be entered in a recognized competition involving formal evaluation or adjudication, with qualified judges or adjudicators who evaluate the participants' efforts and publish their opinions, and
	    • have bona fide invitation from the organizing or sponsoring body.
	• Only for direct-route transportation costs, and meals and accommodation during period of activity or event.
	• Only for allowable expenditures of participants and supporting personnel.
	Ineligible uses:
	• For meals or activities of a social nature.

USE OF PROCEEDS	DESCRIPTION
Travel - "Other"	• Proceeds may be used, with prior AGLC approval on a case by case basis, for travel related to youth exchanges, medical treatment and volunteers' seminars or workshops. • Only for travel directly related to delivery of group's charitable or religious programs or services in Alberta. • Only for registration fees (if applicable), and costs of direct-route transportation, meals and accommodation during the actual event, treatment or seminar. *Ineligible uses:* • For wages, or reimbursement of lost wages from an individual's regular employment as a result of attending the event, seminar, etc.

Volunteer Expenses	• Gaming proceeds may be used to reimburse volunteers for approved expenses incurred while working a gaming event.
	• Eligible expenses include:
	  ◦ transportation costs to and from the gaming event via taxi or bus
	  ◦ babysitting costs incurred by volunteers while working gaming events
	  ◦ cost of adult respite care to volunteers while working gaming events, if the volunteer is normally responsible for care of a medically dependent person within his or her home
	• Claims must be supported by voucher or receipt.
	Ineligible uses:
	• For purchase of meals or refreshments following the gaming event
	• To pay cash from gaming revenue or from any other source for volunteers' services. Such payments or compensation that are not permitted include, among others, the following:
	  ◦ cash payments,
	  ◦ association or bingo licensee "vouchers" which can be exchanged for cash, and
	  ◦ money, goods, or services for personal use, from individuals that provide premises, services, equipment or supplies to events sponsored by the volunteer's group.

Wages, Salaries, Fees for Service, Honorariums	• Gaming proceeds may be used to pay salaries, wages, fees for services or honorariums only if duties performed are essential to group's program delivery, duties performed by person with specialized qualifications and duties cannot reasonably be performed by a volunteer. *Ineligible uses:* • Administrative duties, except for disabled groups who cannot perform an administrative duty due to the nature of the disability.

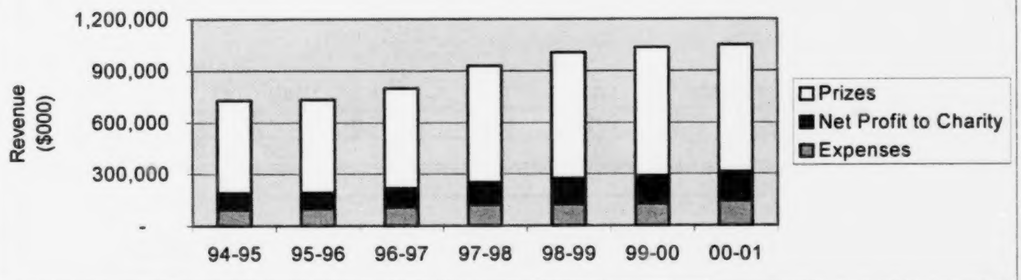
Combined Net Profits to Charities from Charitable Gaming Activities

While different gaming activities experienced different levels of growth from 1994-95 to 1999-2000, charitable gaming as a whole saw an increase of 66% in proceeds during this period, led by casinos. Total net profits dropped between 1994-95 and 95-96 but increased after that period, coincident with two major developments, the introduction of the following electronic technologies: slot machines to casinos and satellite bingo to many bingo facilities across Alberta in 1996.

Chart A4-1: Combined Totals for Charitable Gaming - 1994-2001

Fiscal Year	*Licences*	*Total Gross ($000)*	*Prizes ($000)*	*% of Gross*	*Expenses ($000)*	*% of Gross*	*Slot Machines ($000)*	*Net Profit to Charity*
00-01	7,051	998,267	736,915	73.8%	142,664	14.3%	52,413	171,101
99-00	7,051	996,489	742,165	74.5%	127,095	12.8%	37,440	164,669
98-99	7,140	981,631	730,851	74.5%	125,947	12.8%	24,258	149,091
97-98	6,919	917,899	677,454	73.8%	121,384	13.2%	10,975	130,036
96-97	6,455	795,384	579,768	72.9%	109,138	13.7%	2,680	109,158
95-96	5,421	732,633	538,527	73.5%	98,603	13.5%	166	95,669
94-95	8,207	728,642	536,210	73.6%	93,464	12.8%	-	98,968

Graph A4-1: Breakdown of Charitable Gaming Revenue



Proceeds Earned by Licence Categories

The table which follows indicates the number of gaming licences issued according to licence category in 1999-2000. Also included are the gross revenues generated and proceeds earned by category.

The greatest number of licences were issued to sports groups (26.2% of all licences), followed by service groups (16.2%), and community groups (9.2%). Groups in the same categories also generated the highest levels of total gross revenue from charitable gaming activities, and the highest level of total proceeds.

Chart A4-2:

Charities Benefiting from Charitable Gaming by Commission Category: 1999-2000

Charitable Category	Gross Revenue ($000)	%Total Revenue	Licences	% Licences	Charity Proceeds ($000)	%Total Proceeds	Avg. Proceeds per Licence
Agriculture	27,980	2.8%	244	3.5%	5,238	3.2%	$21,467
Arts	84,527	8.5%	518	7.3%	12,529	7.6%	$24,187
Community	96,618	9.7%	648	9.2%	14,239	8.6%	$21,974
Education	101,409	10.2%	605	8.6%	14,088	8.6%	$23,286
Foundation	37,869	3.8%	85	1.2%	12,722	7.7%	$149,671
Medicine/Health	35,080	3.5%	225	3.2%	6,250	3.8%	$27,778
Multiculturalism	81,188	8.1%	423	6.0%	11,209	6.8%	$26,499
Other	8,789	0.9%	33	0.5%	1,634	1.0%	$49,515
Recreation	19,782	2.0%	182	2.6%	3,152	1.9%	$17,319
Religious	19,213	1.9%	156	2.2%	2,834	1.7%	$18,167
Senior Citizens	17,583	1.8%	192	2.7%	2,687	1.6%	$13,995
Service	140,561	14.1%	1,144	16.2%	25,456	15.5%	$22,252
Social Action	89,097	8.9%	597	8.5%	13,844	8.4%	$23,189
Sports	220,177	22.1%	1,847	26.2%	36,065	21.9%	$19,526
Youth	16,616	1.7%	152	2.2%	2,722	1.7%	$17,908
TOTAL	996,489	100.0%	7,051	100.0%	164,669	100.0%	$23,354

F. Gaming Conducted and Managed by Government

The gaming conducted and managed by the Commission, on behalf of government, are:

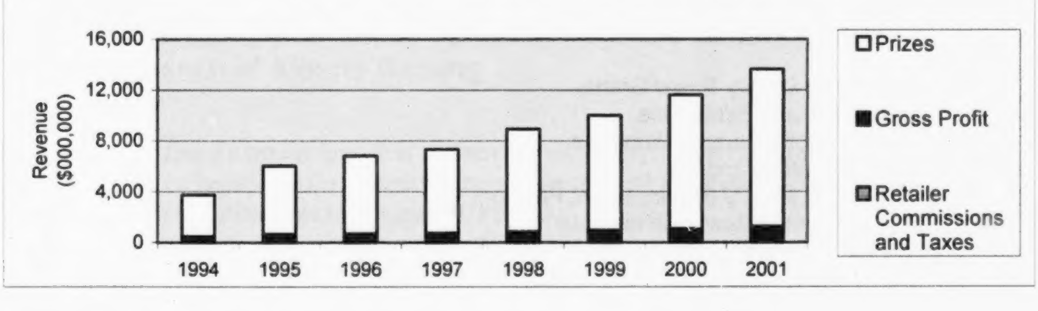
- electronic games: specifically VLTs and slot machines; and
- ticket lotteries, which currently include the following: Lotto 6/49, Instant, The Plus, Sport Select, Super 7, Pick 3, Extra, Pogo, Western 6/49, Special Event

The following table indicates the revenue generated from electronic gaming and ticket lotteries over an eight year period, from 1993-94 to 2000-2001. Gross revenues (before prizes, commission and taxes) increased by 264% and gross profit (after prizes, commissions and taxes paid) increased by 151% over the eight year period. Prizes were 91% of the gross revenues in 2000-2001.

Growth in this period was driven by electronic gaming, specifically VLTs and slot machines.

Chart A4-3:
Gaming Revenue from Electronic Games and Ticket Lotteries -1994 to 2001

	1994	1995	1996	1997	1998	1999	2000	2001	Totals
			($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)	($000,000)
Revenue	3,744	6,025	6,798	7,323	8,915	9,996	11,609	13,641	68,051
Cost of Goods Sold (COGS)									
Prizes	3,278	5,373	6,099	6,578	8,048	9,030	10,521	12,382	61,309
Retailer Commissions & Taxes	73	100	116	121	162	196	232	271	1,271
Total COGS	3,351	5,473	6,215	6,699	8,210	9,226	10,753	12,653	62,580
Gross Profit	393	552	583	624	705	770	856	988	5,471
Net to Alberta Lottery Fund	393	552	583	624	705	770	856	988	5,471


Graph A4-2: Breakdown of Provincial Lotteries Revenue

Disbursements from the Alberta Lottery Fund

Alberta's lottery proceeds are collected by the Commission and placed in the Alberta Lottery Fund. Expenditures of the fund are approved by the provincial legislature.

The Alberta Lottery Fund has broad-based government initiatives including infrastructure projects, school renewal and construction, seniors' facility upgrades and health facility construction. The Alberta Lottery Fund has also provided support to major exhibitions and fairs, and foundations such as the Wild Rose Foundation, the Historical Resources Foundation and the Foundation for the Arts, and the Alcohol and Drug Abuse Commission. The Alberta Lottery Fund supported more than 8,000 not-for-profit community projects in 1999-2000, including those funded through the 88 Community Lottery Board Programs and the Community Facility Enhancement Program (CFEP).

The Alberta Lottery Fund has also made possible the establishment of the Alberta Gaming Research Institute which sponsors research into gaming-related topics such as the social and economic costs and benefits of gaming.

Following are the Alberta Lottery Fund estimates for the fiscal year 2001-02.

Ministry/Initiative	2001 – 02 Estimates
Agriculture, Food and Rural Development	
Agricultural Initiatives	11,620
Subtotal	**11,620**
Children's Services	
Fetal Alcohol Initiative	1,000
Permanency Planning for Children in Care	200
Sub-total	**1,200**
Community Development	
2001 World Championships in Athletics	10,000
Hosting Arctic Winter Games	400
Centennial Initiatives	40,600
Alberta Foundation for the Arts	21,104
Alberta Historical Resources Foundation	5,913
Alberta Sport, Recreation, Parks and Wildlife Foundation	15,035
Human Rights, Citizenship and Multiculturalism Education Fund	1,062
Wild Rose Foundation	6,600
Assistance to the First Nations Development Fund	7,830
Sub-total	**108,544**
Gaming	
Community Lottery Board Grants	53,300
Major Fairs and Exhibitions	2,660
Calgary Exhibition and Stampede	7,100
Edmonton Northlands	7,100
Community Facility Enhancement Program	25,000
Alberta Gaming Research Institute	1,500
Alberta Gaming Research Council	100
Alberta Gaming and Liquor Commission – Lottery Operations	70,689
Racing Industry Renewal	17,900
Other Initiatives	11,102
Sub-total	**196,451**

Ministry/Initiative	2001 – 02 Estimates
Heath and Wellness	
Alberta Wellnet	13,506
Health Innovation Fund	5,000
Alberta Alcohol and Drug Abuse Commission	45,699
Aboriginal Health Strategies	3,000
Alberta Wellness Initiative	1,850
Practitioner Services – Alternate Compensation Strategies	12,350
Federal Nursing Stations	2,660
Sub-total	**84,065**
Infrastructure	
Health Care Facilities	120,000
School Facilities	150,000
Seniors' Lodges	10,000
Post-Secondary Facilities	60,000
Centennial Projects	5,000
Sub-total	**345,000**
Innovation and Science	
Research Investments Program	23,180
Strategic Research Initiatives	9,070
Alberta Agricultural Research Institute	8,588
Alberta Supernet	50,000
Sub-total	**90,838**
Learning	
Achievement Scholarships	3,100
Learning Television	8,100
School Support – Transportation Subsidies	40,000
School Support – High Speed Networking	1,000
Sub-total	**52,200**
Municipal Affairs	
Municipal Sponsorship	**12,000**
Transportation	
Water Management Infrastructure	20,000
Canada / Alberta Infrastructure Program	50,000
Sub-total	**70,000**
Finance	
Transfer for Debt Repayment/Contingency Reserve	**44,031**
TOTAL LOTTERY PAYMENTS TO BE VOTED	**1,015,949**

Disbursement of Alberta Lottery Funds through the Lottery Funding Programs Branch of Alberta Gaming

The Lottery Funding Programs branch is responsible for lottery funded programs administered by Alberta Gaming including the Community Lottery Board Grant Program (CLB) and the Community Facility Enhancement Program (CFEP).

The CLB Grant Program, administered by the department, promotes the development of Alberta's communities and increases the capacity of community organizations. It provides financial assistance for the arts, recreation, sport and other community-based projects and initiatives to enhance the quality of life. The 88 Community Lottery Boards in Alberta are locally administered and made up of community representatives publicly recruited and appointed by nominating committees in their regions.

CFEP provides financial assistance to build, purchase, repair, renovate or upgrade public-use facilities in Alberta communities. The program is successful because of its grass-roots, needs-driven partnership approach to funding.

The Alberta Lottery Fund supports more than 8,000 projects annually, including agricultural and economic initiatives, major Alberta exhibitions such as the Calgary Exhibition and Stampede and Edmonton Northlands, and several regional exhibitions in Camrose, Grande Prairie, Lethbridge, Lloyminster, Medicine Hat, Olds and Red Deer.

KEY
SOURCES

KEY SOURCES

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AGLC GAMING
ATTITUDES
STUDY 2000

UNIVERSITY OF
CALGARY

ACCORD Research

Alberta Gaming and Liquor Commission
Study of Gaming Attitudes in Alberta
Final Report 2000

Presented to:
Alberta Gaming and Liquor Commission

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INTRODUCTION/BACKGROUND

Between 1992 and 1994 research studies were conducted with Albertans to determine awareness, knowledge, perceptions and behaviours with respect to gaming in the province. This research took the form of telephone surveys with the general public in Alberta.

Issue-driven public opinion studies such as the VLT debate in 1998 have been conducted since, but a comprehensive study of the potential for gaming in Alberta has not been undertaken since 1994.

AGLC determined that in 2000 it would be desirable to conduct a study that would track public opinion as a follow-up to the 1994 studies.

The research would repeat some key questions including those related to market segments and gaming opportunities. It would include relevant, current issues, removal of questions that were no longer relevant and the addition of new issues.

Objectives

Key objectives from earlier studies include:

- Measuring awareness of gaming proceeds and its effect on attitudes and behaviour
- Measuring perceptions of different types of gaming and the impact in Alberta
- Identifying concerns and their effect on new opportunities

Further objectives identified for the 2000 study include:

- Gaining an understanding of current perceptions and attitudes of players and non-players regarding gambling
- Determining knowledge, awareness and feelings regarding availability and expansion of gaming
- Determining behaviour for specific games, frequency of play and spending habits
- Obtaining public opinion on the use of gaming proceeds
- Determining public opinion of the government role in gaming regulation
- Identification of the level of social acceptability of gaming
- Identification of the perceptions of problem gaming
- Identification of acceptable types of gaming by geographical area
- Identification of the current demand for gaming (by geographical area) and the social climate for the acceptability of an increase in gaming
- Identification of the sources of information regarding gaming

Specifically, the research will address the following issues:

- Expectations of a gaming experience
- Location of VLTs—casinos vs. hotels vs. specialized locations
- Location of next casino

Methodology

In this 2000 study a telephone survey was conducted with a stratified random sample of Albertans.
Random digit dialing using all valid Alberta prefixes was used to determine sample selection.
Telephone interviewing was conducted between May 25th, 2000 and June 28th, 2000.
The average length of an interview was 45 minutes.

Respondents were sampled by region according to the following quotas:

• Northern Alberta	206
• Southern Alberta	209
• Central Alberta	202
• Calgary	457
• Edmonton	456

Total: 1530 completed interviews

The final sample was weighted by region to match the Alberta population demographic.
Respondents were screened for being aged 18 or older and for not working in Marketing, Market research, Advertising, the Media or the Gaming industry.
Data was collected directly into ACCORD Research's CATI database and transported to an SPSS database. Open-ended responses were coded and then entered into SPSS.

Results were analyzed incorporating basic frequency analysis, cross-tabulations by region, longitudinal analysis of changes from 1993 through 2000, principal component analysis of attitudinal questions and cluster analysis.

Three types of information were used in producing the gaming segments: gaming and life psychographics, gaming attitudes and gaming play behaviours. Questions related to each of these areas were independently used in three principal component analyses, using a varimax rotation. Fourteen components in all were created.
The scores from these principal components were used in a subsequent cluster analysis. A k-means cluster analysis was run using ‘initial centers’ derived from a hierarchical cluster analysis. A six-cluster solution was determined to be optimal. Respondents were each assigned to a cluster; simple cross-tabulations and ANOVAs were run to assess the nature of the segments these clusters represented.

Results are accurate to within + or-2.5% at the 95% confidence level province-wide and to + or-5% at the regional level

I. DETAILED FINDINGS

BASIC FREQUENCY ANALYSIS, INTEPRETATION, AND COMPARISON WITH PREVIOUS RESEARCH

1. Demographic Profile of Respondents

Q25
Age

	% Response
18 to 24 years	17.0
25 to 34	20.3
35 to 44	24.0
45 to 54	18.6
55 to 64	10.7
65 to 74	6.4
75 years and older	3.0

n=1519

Q26
Highest level of schooling

	% Response
Grade 8 or less	1.7
Some high school	11.1
Completed high school	25.7
Technical/vocational school above the high school level	11.4
Some college or university	18.6
College or university degree/diploma	26.3
Post-graduate degree (master, doctoral or equivalent)	5.2

n=1523

Q27
Marital status

	% Response
Single	23.3
Married or co-habitating	65.5
Divorced/widowed/separated	11.1

n=1518

Q28
Number of persons in household

	% Response
0	0.01
1	11.9
2	30.3
3	20.6
4	21.7
5	10.9
6	3.1
7	1.1
8	0.3
9	0.1
12	0.1

n=1518

Q29
Number of persons in household under 18 years of age

	% Response
0	54.6
1	16.7
2	19.5
3	6.9
4	1.9
5	0.3
7	0.1
8	0.1

n=1517

Q30
Occupational Status

	% Response
Employed full time	43.9
Employed part time	11.7
Self employed full time	8.3
Self employed part time	3.3
Student	4.2
Homemaker	8.8
Unemployed	3.8
Unable to work	2.4
Retired	12.4
Other	1.2

n=1525

Q31
Occupation

	% Response
Semi-skilled clerical and sales	18.6
Employed professional	17.1
Homemaker	11.5
Unskilled manual	6.3
Skilled craft	6.2
Technician	5.7
Semi-skilled manual	5.4
Mid-manager	4.4
Student	4.1
Self-employed professional	3.5
Semi-professional	3.3
Supervisor	2.6
Skilled clerical and sales	1.9
Farmer	1.6
Unskilled clerical and sales	1.1
High level manager	0.8
Foreperson	0.2
Farm labourer	0.2
Not codeable	6.3

n = 1217

Q32
Change in household income in past year

	% Response
Increased	42.9
Decreased	14.2
Remained the same	42.9

n=1502

Q33
Personal or household unemployment in past year

	% Response
Yes	30.2
No	69.8

n=1502

Q34
Personal annual income

	% Response
Under $10, 000	18.3
$10, 000 to $19, 999	18.1
$20, 000 to $29, 999	17.1
$30, 000 to $39, 999	15.2
$40, 000 to $59, 999	14.7
$60, 000 to $79, 999	8.1
$80, 000 and over	8.4

n=1342

Q35
Household annual income

	% Response
Under $25, 000	12.8
$25, 000 to $39, 999	20.0
$40, 000 to $59, 999	22.5
$60, 000 to $79, 999	17.8
$80, 000 to $99, 999	11.7
$100, 000 and over	15.2

n=1298

Q36
Purchases in past year

	% Response
Neither	69.0
New car	12.1
New or larger home	10.9

Q39
Length of residency in Alberta

	% Response
Less than a year	1.7
1-3	6.3
4-10	8.4
11-20	21.9
More than 20	61.4

n=1489

2. ALBERTA ISSUES

All respondents were asked to consider issues facing people in Alberta and to give their opinion as to which issue they felt was the most important.

Healthcare was the number one issue for a substantial majority of respondents. Almost a quarter named **Education** as the number one issue. **Taxes** was the only other issue reported by more than 10% of respondents.

Just over 1 % of respondents mentioned **Gaming or Gambling** as the most important issue facing Albertans.

Q1c: Thinking of the issues facing people here in Alberta today, which one do you feel is the most important?

	% Response
Healthcare	67.0
Education	23.6
Taxes	12.1
Price of oil and gas	8.7
Environment (pollution)	6.6
Employment	5.1
Social Services Issues (homeless, etc)	4.2
Cost of living	3.7
Economy	3.5
Government (general)	2.9
Aging population /senior issues	2.7
Housing (cost of)	2.3
Cutbacks/lack of funding	2.1
Transportation system	1.6
Farming/agricultural concerns	1.6
The debt	1.5
Crime	1.3
Nurses strike	1.3
Gaming/gambling	1.3
Oil industry	1.2
Judicial system	1.0
Substance abuse	0.9
Gun control registration	0.8
Old age security	0.8
Young offenders	0.8
Childcare	0.7
Opposed to Ralph Klein	0.7
The media	0.6
Abortion	0.6
The family	0.5
Smoking issues	0.5
Parks	0.5
Same-sex marriage	0.5
Government wasteful spending	0.4
E. Coli scare	0.4
First Nations issues	0.3
Alberta Alliance change	0.3
World Petroleum conference	0.3
The election	0.3
Animal rights	0.3
Weather	0.3
Provincial professional sports (Flames and Oilers)	0.2
High utilities cost	0.2

Issue continued	
Federal government	0.1
Workers Compensation Board	0.1
Unions	0.1
Business	0.1
Population growth	0.1
Refused	0.2
Other	8.2
Don't Know	5.8

n = 1529

3.CURRENT GAMING PRACTICES—GAME PLAY AND SPENDING BEHAVIOUR

All respondents were presented with a list of different games and asked whether or not they had bet or spent money on that game in the past year. Those who had played any particular game in the past year were further asked to report how many times they had played that game and how much they had spent on that activity in the past 4 weeks.

The majority of respondents had purchased a **lottery ticket** during the past year. Lotto 649 was the most played type of lottery ticket during this period, followed by The Plus and Instant tickets. In contrast, just over 2% of lottery ticket purchasing respondents had played Pick Three.

Raffles was also a frequently played game. All other types of gaming activities were much less frequently played during the past year.

Q2a

In the past year have you spent money on any type of lottery ticket?

	% Response
Yes	69.1
No	30.9

n=1528

In the past year have you bet or spent money on The Plus?

	% Response
Yes	53.8
No	46.2

n=1050

In the past year have you bet or spent money on Super 7?

	% Response
Yes	38.0
No	62.0

n=1055

In the past year have you bet or spent money on The Extra?

	% Response
Yes	23.3
No	76.7

n=1035

In the past year have you bet or spent money on Western 649?

	% Response
Yes	37.7
No	62.3

n=1051

In the past year have you bet or spent money on Lotto 649?

	% Response
Yes	84.8
No	15.2

n=1056

In the past year have you bet or spent money on Pick Three?

	% Response
Yes	2.1
No	97.9

n=1045

In the past year have you bet or spent money on Sports Select (Proline or Over/Under)?

	% Response
Yes	6.7
No	93.3

n=1052

In the past year have you bet or spent money on Instant Tickets?

	% Response
Yes	49.0
No	51.0

n=1055

In the past year have you bet or spent money on Break-opens, Pull-tabs or Nevada Tickets?

	% Response
Yes	8.6
No	91.4

n=1505

In the past year have you bet or spent money on Sports or other kinds of betting pools?

	% Response
Yes	14.7
No	85.3

n=1529

In the past year have you bet or spent money on Raffles or fund raising tickets?

	% Response
Yes	65.4
No	34.6

n=1527

In the past year have you bet or spent money on Internet Gambling?

	% Response
Yes	0.2
No	99.8

n=1525

In the past year have you bet or spent money Table games at a local casino?

	% Response
Yes	5.7
No	94.3

n=1525

In the past year have you bet or spent money on Slot machines at a local casino?

	% Response
Yes	13.0
No	87.0

n=1527

In the past year have you bet or spent money on Gambling at a resort casino?

	% Response
Yes	9.0
No	91.0

n=1526

In the past year have you bet or spent money on Video Lotteries (in licensed establishments)?

	% Response
Yes	14.0
No	86.0

n=1523

In the past year have you bet or spent money on Horse racing at a race track or at an off-track location?

	% Response
Yes	4.8
No	95.2

n=1529

In the past year have you bet or spent money on Bingo in a bingo hall?

	% Response
Yes	10.9
No	89.1

n=1529

Those who identified themselves as players of any particular game in the past year were further asked if they had played that game in the past four weeks and if so, how much they had spent on it.
The Plus had the highest mean play in the previous month, closely followed by **Lottery tickets (any type) and Lotto 649**. **Table Games at a local casino** had the lowest mean play during the same time.
In terms of **expenditures,** the highest average amount spent in the previous month was in **gambling at a resort casino.**

Of the games that do not include either casinos or the internet, **Video Lotteries** (in licensed establishments) had the highest mean expenditure over the previous month.

Overview of Game play

Game	Played in past year	Average Amount spent in last month
Any Lottery Ticket	69%	$19.38
Raffles	65%	$26.23
Sports Betting or Pools	15%	$26.62
Video Lotteries	14%	$109.38
Slot machines at a local casino	13%	$152.45
Bingo	11%	$80.14
Gambling at a resort casino	9%	$662.20
Pull-tabs	9%	$16.60
Table games at a local casino	6%	$222.53
Horse racing	5%	$59.83
Internet Gambling	0.2%	$55.00

Q2 – b

How many times in the past 4 weeks have you spent money on…?

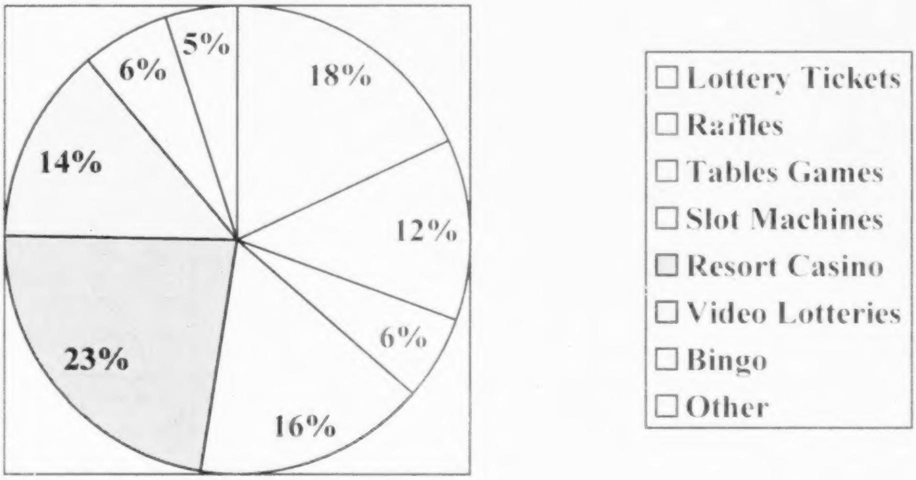
	Mean
Lottery ticket	2.78
The Plus	3.06
Super 7	1.36
The Extra	2.58
Western 649	1.64
Lotto 649	2.70
Pick Three	0.67
Sport Select (Proline or Over/Under)	1.24
Instant tickets (Scratch and Win)	2.13
Break-opens, Pull tabs or Nevada tickets	0.96
Sports or other kinds of betting pools	0.89
Raffles or fund raising tickets	0.63
Internet Gambling	1.26
Table games at a local casino	0.60
Slot machines at a local casino	1.70
Gambling at a resort casino	0.90
Video Lotteries (in licensed establishments)	1.89
Horse racing at a race track or off-track location	0.43
Bingo at a bingo hall	1.01

Q2c Approximately how much have you spent on…?

	Mean ($)
Lottery ticket	19.38
The Plus	6.35
Super 7	7.86
The Extra	7.22
Western 649	8.34
Lotto 649	12.73
Pick Three	9.98
Sport Select (Proline or Over/Under)	27.48
Instant tickets (Scratch and Win)	10.13
Break-opens, Pull tabs or Nevada tickets	16.60
Sports or other kinds of betting pools	26.62
Raffles or fund raising tickets	26.23
Internet Gambling	55.00
Table games at a local casino	222.53
Slot machines at a local casino	152.45
Gambling at a resort casino	662.20
Video Lotteries (in licensed establishments)	109.38
Horse racing at a race track or off-track location	59.83
Bingo at a bingo hall	80.14

The following chart illustrates the share of total expenditures on gaming in the previous four weeks spent on individual gaming activities.

Share of Expenditures



All respondents were asked how much of $100 of their disposable income is spent on gaming. They were further asked for the percentage of their personal monthly income that is considered disposable income.

Of the gaming activities considered (Lotteries, VLTs, Horse Racing, Bingo and Casinos) it is Lotteries that all Albertans (players and non-players combined) are likely to spend the highest mean portion of $100 of their disposable income on at $4.45. Players are more likely to spend their disposable income on Casinos.

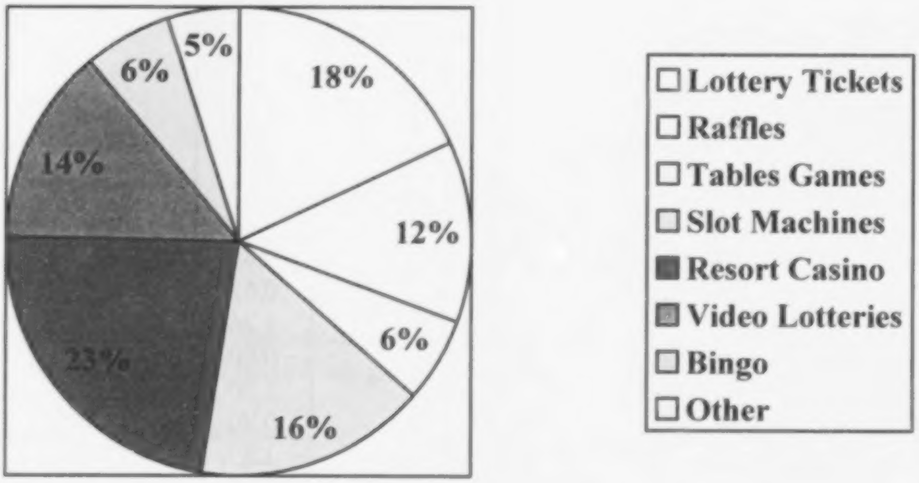
Thinking of all the money that you spend on necessities, if, after paying for all these necessities, you had $100 remaining how much of this $100 would you spend on …?

Q37

	Mean ($)
Casino	2.86
Lotteries	4.45
VLTs	1.06
Bingo	1.90
Horse Races	0.84

The following chart illustrates the share of total expenditures on gaming in the previous four weeks spent on individual gaming activities.

Share of Expenditures



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Thinking of all the money that you spend on necessities, if, after paying for all these necessities, you had $100 remaining how much of this $100 would you spend on ...?

Q37

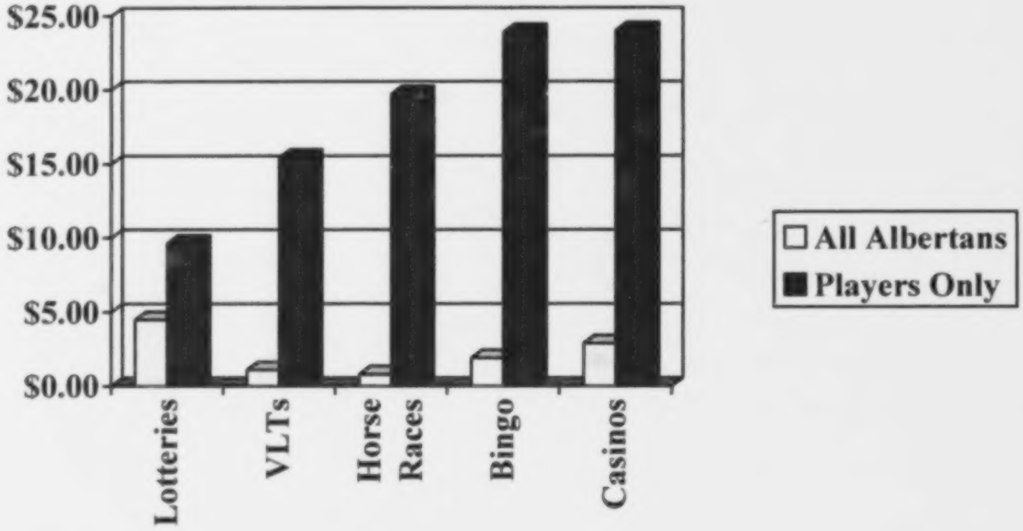
	Mean ($)
Casino	2.86
Lotteries	4.45
VLTs	1.06
Bingo	1.90
Horse Races	0.84

Q38
After paying for all your necessities what percentage of your personal monthly income would you say is your disposable income?

Per centage of income that is disposable	% Response
0	4.7
1	2.7
2	2.2
3	1.0
4	0.4
5	11.1
6	0.2
7	0.6
8	0.6
9	0.2
10	18.7
12	0.4
14	0.1
15	4.4
16	0.1
17	0.1
18	0.1
20	12.5
25	8.0
30	6.9
32	0.1
33	0.4
35	1.3
40	4.7
45	.3
46	0.1
50	9.0
55	0.1
58	0.2
60	1.9
65	0.5
6	0.1
70	1.4
75	1.3
80	1.1
85	0.2
90	0.1
95	0.4
100	2.4

n=1306

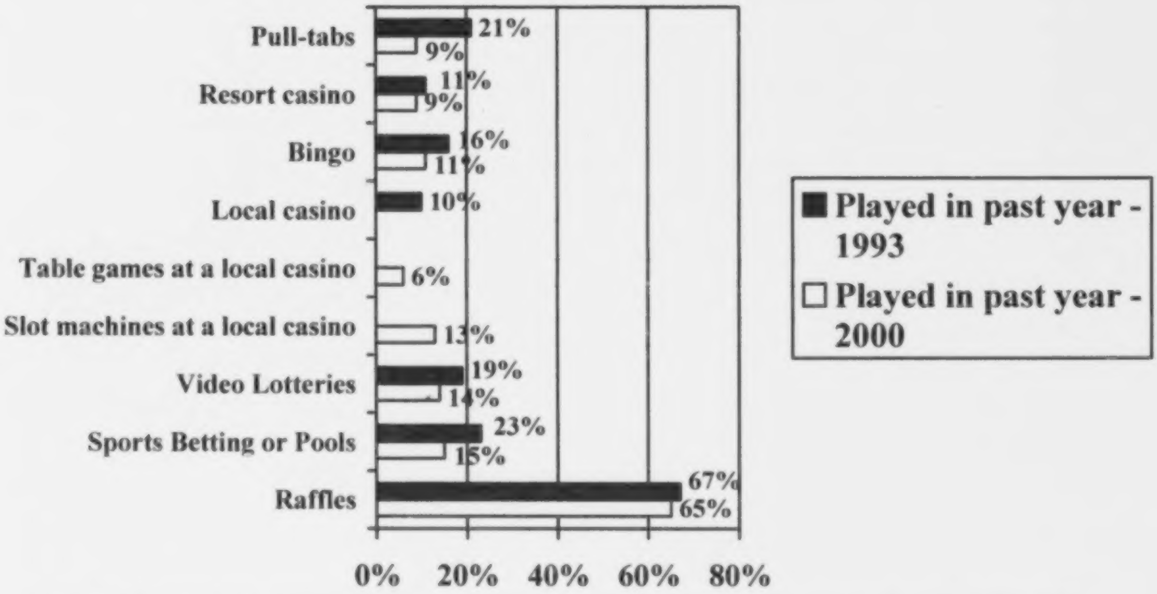
Portion of Disposable Income Spent on Games (out of $100)



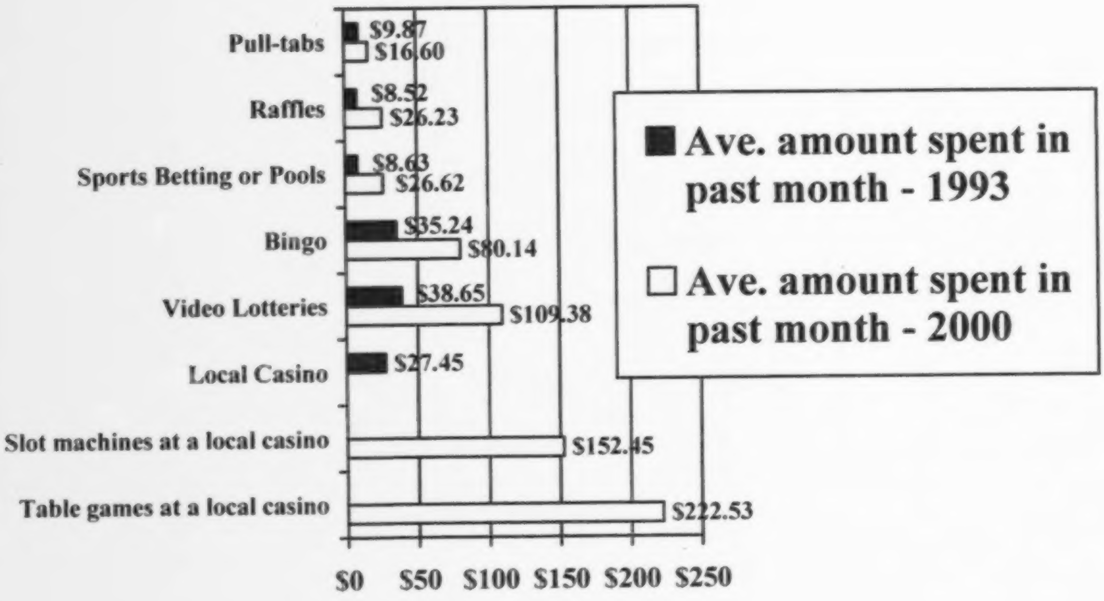
Comparison with 1993

Compared to 1993, the same proportion of the population is spending money on gaming but each player is spending more.

Change in play behaviour 1993-2000



Change in amount spent 1993-2000



4. RECEPTIVITY TO A CHANGE IN GAMING AVAILABILITY

A very strong majority of game players of any type of game would like to see the availability of that game in Alberta remain the same.
The exception is **Internet gambling** where the majority of respondents would like to see it less available.
Raffles had the highest percentage of respondents (but still less than 14%) who would like to see an increase in availability, whereas both **Internet Gambling** and **Video Lotteries** had the lowest percentage of respondents (2%) who would appreciate an increase in these types of gaming.

Q2d

Would you like to see lotteries made more or less widely available in Alberta, or remain the same?

	% Response
More	4.9
Same	82.1
Less	12.9

n=1456

Would you like to see Break-opens, Pull-tabs or Nevada Tickets made more or less available in Alberta, or remain the same?

	% Response
More	3.7
Same	77.1
Less	19.2

n=1325

Would you like to see Sports or other kinds of betting pools made more or less available in Alberta, or remain the same?

	% Response
More	4.4
Same	80.6
Less	15.0

n=1396

Would you like to see Raffles or fund raising tickets made more or less available in Alberta, or remain the same?

	% Response
More	13.7
Same	79.4
Less	6.9

n=1474

Would you like to see Internet Gambling made more or less available in Alberta, or remain the same?

	% Response
More	2.0
Same	39.4
Less	58.6

n=1263

Would you like to see Table games at a local casino made more or less available in Alberta, or remain the same?

	% Response
More	4.3
Same	66.7
Less	29.0

n=1449

Would you like to see Slot machines at a local casino made more or less available in Alberta, or remain the same?

	% Response
More	4.3
Same	57.8
Less	37.9

n=1471

Would you like to see Resort casinos made more or less available in Alberta, or remain the same?

	% Response
More	6.7
Same	65.4
Less	27.8

n=1423

Would you like to see Video Lotteries (in licensed establishments) made more or less available in Alberta, or remain the same?

	% Response
More	2.1
Same	49.7
Less	48.3

n=1442

Would you like to see Horse racing at a race track or at an off-track location made more or less available in Alberta, or remain the same?

	% Response
More	6.6
Same	78.7
Less	14.7

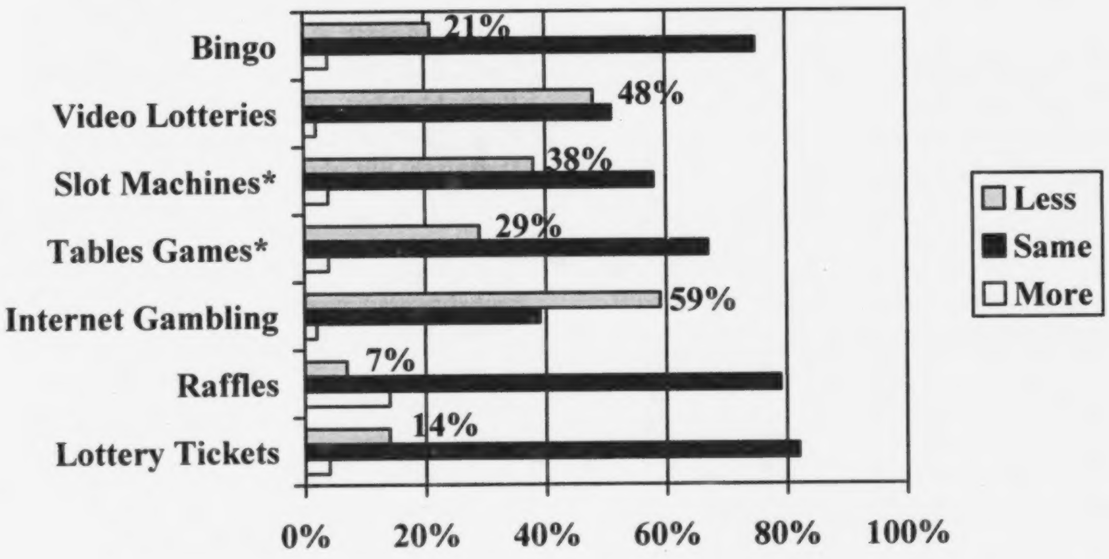
n=1407

Would you like to see Bingo in a bingo hall made more or less available in Alberta, or remain the same?

	% Response
More	3.7
Same	75.4
Less	20.9

n=1458

Desired Change to Availability



*Those in Central Alberta are the least likely to desire less availability and those in North Alberta are the most likely.

5.1 FUTURE GAMING ACTIVITY

Respondents given a list of gaming activities were asked for their likelihood of playing in the next four weeks. Only **Lotto 649** received a majority of responses indicating that the respondents would probably or definitely play in the next month.

Q3: In the next four weeks…

Would you say you will definitely play, probably play, probably not play or definitely not play Lotto 649?

	% Response
Definitely play	22.7
Probably play	34.7
Probably not play	15.7
Definitely not play	26.9

n=1531

Would you say you will definitely play, probably play, probably not play or definitely not play The Plus?

	% Response
Definitely play	14.3
Probably play	22.0
Probably not play	16.4
Definitely not play	47.4

n=1521

Would you say you will definitely play, probably play, probably not play or definitely not play Super 7?

	% Response
Definitely play	5.9
Probably play	18.4
Probably not play	18.0
Definitely not play	57.7

n=1525

Would you say you will definitely play, probably play, probably not play or definitely not play The Extra?

	% Response
Definitely play	5.0
Probably play	11.4
Probably not play	17.7
Definitely not play	65.8

n=1506

Would you say you will definitely play, probably play, probably not play or definitely not play Western 649?

	% Response
Definitely play	7.9
Probably play	21.6
Probably not play	22.6
Definitely not play	48.0

n=1526

Would you say you will definitely play, probably play, probably not play or definitely not play Pick Three?

	% Response
Definitely play	0.1
Probably play	2.5
Probably not play	16.1
Definitely not play	81.3

n=1499

Would you say you will definitely play, probably play, probably not play or definitely not play Sports Select?

	% Response
Definitely play	0.8
Probably play	3.3
Probably not play	13.1
Definitely not play	82.7

n=1522

Would you say you will definitely play, probably play, probably not play or definitely not play Instant Tickets?

	% Response
Definitely play	5.4
Probably play	21.7
Probably not play	19.7
Definitely not play	53.1

n=1524

Would you say you will definitely play, probably play, probably not play or definitely not play Video Lotteries?

	% Response
Definitely play	1.7
Probably play	6.8
Probably not play	12.9
Definitely not play	78.6

n=1524

Would you say you will definitely play, probably play, probably not play or definitely not play Sports or other event betting pools?

	% Response
Definitely play	0.9
Probably play	5.0
Probably not play	15.1
Definitely not play	79.0

n=1528

Would you say you will definitely play, probably play, probably not play or definitely not play Bingo in a bingo hall?

	% Response
Definitely play	2.4
Probably play	7.2
Probably not play	11.8
Definitely not play	78.6

n=1527

Would you say you will definitely play, probably play, probably not play or definitely not play Table games in a local casino?

	% Response
Definitely play	0.9
Probably play	2.9
Probably not play	12.3
Definitely not play	83.9

n=1529

Would you say you will definitely play, probably play, probably not play or definitely not play Gambling at a resort casino

	% Response
Definitely play	0.8
Probably play	2.6
Probably not play	12.2
Definitely not play	84.5

n=1529

Would you say you will definitely play, probably play, probably not play or definitely not play Slot machines in a local casino?

	% Response
Definitely play	1.4
Probably play	6.3
Probably not play	13.3
Definitely not play	78.9

n=1529

Would you say you will definitely play, probably play, probably not play or definitely not play Raffles or fund raising tickets?

	% Response
Definitely play	5.1
Probably play	41.7
Probably not play	28.9
Definitely not play	24.3

n=1520

Would you say you will definitely play, probably play, probably not play or definitely not play Internet Gambling?

	% Response
Definitely play	0.3
Probably play	0.5
Probably not play	4.5
Definitely not play	94.7

n=1524

Would you say you will definitely play, probably play, probably not play or definitely not play Break-opens, Pulls-tabs or Nevada tickets?

	% Response
Definitely play	1.2
Probably play	5.1
Probably not play	18.1
Definitely not play	75.6

n=1518

Would you say you will definitely play, probably play, probably not play or definitely not play Horse race betting at a race track?

	% Response
Definitely play	0.9
Probably play	4.4
Probably not play	12.0
Definitely not play	82.7

n=1528

Would you say you will definitely play, probably play, probably not play or definitely not play Off-track horse race betting?

	% Response
Definitely play	0.2
Probably play	2.1
Probably not play	9.8
Definitely not play	87.8

n=1529

5.2 RECEPTIVITY TO NEW GAMES

For a selected list of gaming activities, respondents were further asked if they would be likely to play in the next year.

The activity with the highest probability of play in the next year is **Instant tickets from a dispensing machine**—just under a quarter of respondents indicated their intention of engaging in this. For the rest, Internet Gambling was the least likely to be played in the next year although all activities queried received a strong majority of no-play answers to this question.

Q4

Would you be likely to play Instant tickets from a dispensing machine in the next year if it was made available?

	% Response
Yes	21.7
No	78.3

n=1514

Would you be likely to play Break-opens from a dispensing machine in the next year if it was made available?

	% Response
Yes	8.9
No	91.1

n=1513

Would you be likely to play a TV lottery game show in the next year if it was made available?

	% Response
Yes	11.2
No	88.8

n=1506

Would you be likely to play a province wide lottery game called Keno, drawing numbers every 5 minutes, in the next year if it was made available?

	% Response
Yes	12.2
No	87.8

n=1499

Would you be likely to play Internet gambling in the next year if it was made available?

	% Response
Yes	1.6
No	98.4

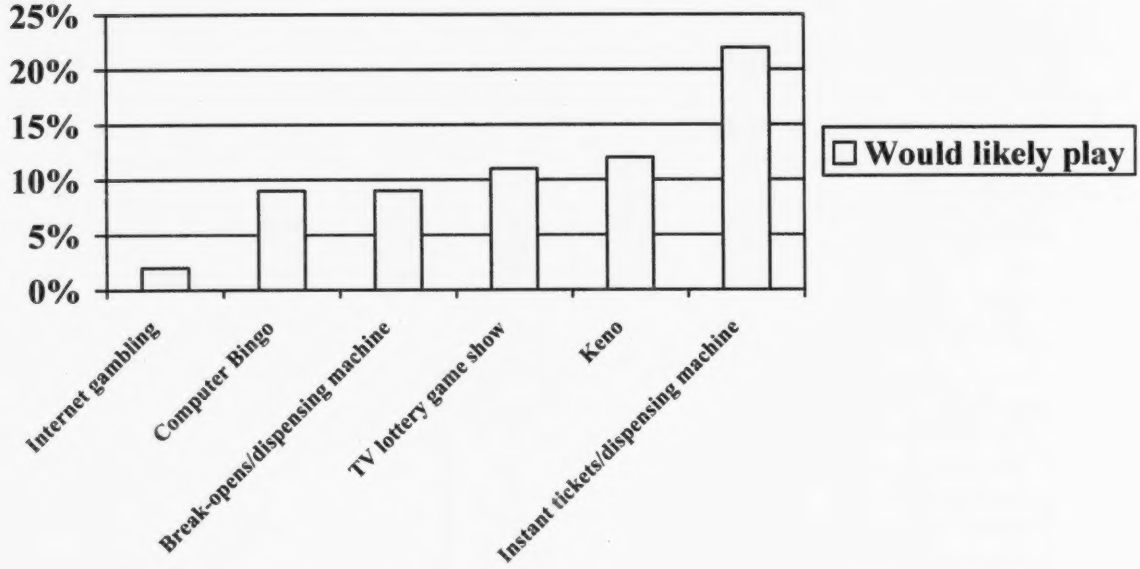
n=1526

Would you be likely to play Bingo played on a computer device in a bingo hall in the next year if it was made available?

	% Response
Yes	8.9
No	91.1

n=1523

Potential of New Games



6. GAMING LOCATIONS

Game players were asked for their likelihood of playing different gaming activities at a number of locations.

The majority-preferred location for playing Video Lotteries is in bars and lounges although both a location devoted to VLTs and a gaming room in a hotel received almost as high a response preference.

Q5

Would you like to play Video Lotteries at a…?

	% Response
Bars and Lounges	77.7
Location devoted to VLTs	71.9
Gaming Room in a Hotel	70.7
Local Casino	68.6
Resort Casino	59.7
Native Casino on Reserve Land	39.5
Race Track	33.4
Bingo Hall	21.7

n = 179

Would you like to play Slot machines at a…?

	% Response
Local Casino	84.4
Resort Casino	70.9
Gaming Room in a Hotel	57.8
Bars and Lounges	54.6
Location Devoted to VLTs	51.8
Native Casino on Reserve Land	42.2
Race Track	32.1
Bingo Hall	17.4

n = 177

Would you like to play Ticket Lotteries at a…?

	% Response
Lottery Ticket Centres	89.2
Bars and Lounges	30.8
Gaming Room in a Hotel	29.8
Resort Casino	24.7
Location Devoted to VLTs	24.3
Native Casino on Reserve Land	22.3
Local Casino	21.0
Bingo Hall	20.9
Race Track	20.4

n = 672

Would you like to play Instant Tickets at a…?

	% Response
Lottery Ticket Centres	88.6
Bars and Lounges	46.9
Gaming Room in a Hotel	35.4
Local Casino	29.2
Bingo Hall	28.8
Resort Casino	28.3
Location Devoted to VLTs	28.1
Race Track	25.5
Native Casino on Reserve Land	24.3

n = 423

Would you like to play Instant Tickets from a Dispensing Machine at a…?

	% Response
Lottery Ticket Centres	83.8
Bars and Lounges	63.5
Gaming Room in a Hotel	52.1
Location Devoted to VLTs	42.6
Bingo Hall	41.4
Local Casino	39.2
Resort Casino	38.6
Native Casino on Reserve Land	34.3
Race Track	32.0

n = 284

Would you like to play Keno, drawing numbers every five minutes, at a…?

	% Response
Local Casino	62.8
Lottery Ticket Centres	62.7
Bars and Lounges	59.8
Gaming Room in a Hotel	58.0
Resort Casino	55.6
Location Devoted to VLTs	50.1
Native Casino on Reserve Land	43.0
Bingo Hall	39.3
Race Track	33.6

n = 171

Would you like to play Break-opens at a…?

	% Response
Lottery Ticket Centres	66.8
Bars and Lounges	58.8
Bingo Hall	56.9
Gaming Room in a Hotel	44.3
Location Devoted to VLTs	39.9
Local Casino	36.7
Native Casino on Reserve Land	33.8
Resort Casino	31.5
Race Track	30.7

n = 84

Would you like to play Break-opens from a Dispensing Machine at a…?

	% Response
Bars and Lounges	84.8
Gaming Room in a Hotel	68.8
Bingo Hall	55.8
Location Devoted to VLTs	55.4
Local Casino	52.4
Resort Casino	50.4
Race Track	45.0
Native Casino on Reserve Land	42.3

n = 110

Would you like to play Sports Select at a…?

	% Response
Lottery Ticket Centres	79.2
Bars and Lounges	66.8
Gaming Room in a Hotel	54.5
Local Casino	41.7
Resort Casino	41.7
Location Devoted to VLTs	33.0
Race Track	31.5
Native Casino on Reserve Land	30.4
Bingo Hall	21.2

n = 71

Would you like to play Off Track Horse Race Betting at a…?

	% Response
Race Track	84.7
Bars and Lounges	55.6
Gaming Room in a Hotel	52.8
Resort Casino	38.9
Local Casino	35.5
Native Casino on Reserve Land	25.8
Location Devoted to VLTs	21.5
Bingo Hall	1.4

n = 49

Would you like to play Internet Gambling at a…?

	% Response
Gaming Room in a Hotel	94.5
Resort Casino	75.8
Bars and Lounges	71.4
Local Casino	62.1
Location Devoted to VLTs	61.7
Native Casino on Reserve Land	56.2
Race Track	42.2
Bingo Hall	33.9

n = 19

Would you like to play Regular Bingo at a…?

	% Response
Bingo Hall	98.5
Native Casino on Reserve Land	32.2
Local Casino	25.0
Resort Casino	23.5
Race Track	6.5

n = 146

Would you like to play Bingo on a Computer Device at a…?

	% Response
Bingo Hall	88.1
Local Casino	46.5
Resort Casino	39.3
Native Casino on Reserve Land	34.8
Race Track	23.2

n = 113

All respondents—players and non-players—were asked for their opinion on where the various gaming activities should be available.

In the case of **VLTs, casinos** were the greatest majority preferred location. Of the non-casino options, **a location devoted to VLTs** was preferred by a large majority of respondents, with bars and lounges, although still with a majority, dropping to a much lower position of preferred location options.

For **Slot machines** the preferred non-casino location would be a **Gaming room in a hotel.**

Q5a: Should players be able to play Video Lotteries at a …?

	% Response
Resort Casino	89.4
Local Casino	89.2
Location Devoted to VLTs	78.2
Gaming Room in a Hotel	72.6
Native Casino on Reserve Land	69.3
Bars and Lounges	60.1
Race Track	52.8
Bingo Hall	45.9

n = 1073

Should players be able to play Slot Machines at a…?

	% Response
Resort Casino	93.9
Local Casino	92.4
Gaming Room in a Hotel	65.2
Native Casino on Reserve Land	68.2
Location Devoted to VLTs	62.9
Bars and Lounges	54.5
Race Track	46.2
Bingo Hall	38.6

n = 1129

Should players be able to play Keno, drawing number every five minutes, at a…?

	% Response
Local Casino	86.5
Resort Casino	85.6
Gaming Room in a Hotel	69.7
Native Casino on Reserve Land	8.0
Location Devoted to VLTs	66.0
Lottery Ticket Centres	59.9
Bingo Hall	58.3
Bars and Lounges	55.0
Race Track	54.8

n = 1015

Should players be able to play Break Opens from a dispensing machine, at a…?

	% Response
Local Casino	84.1
Resort Casino	83.7
Gaming Room in a Hotel	73.6
Location Devoted to VLTs	71.5
Native Casino on Reserve Land	69.9
Bars and Lounges	65.9
Bingo Hall	65.7
Race Track	61.4

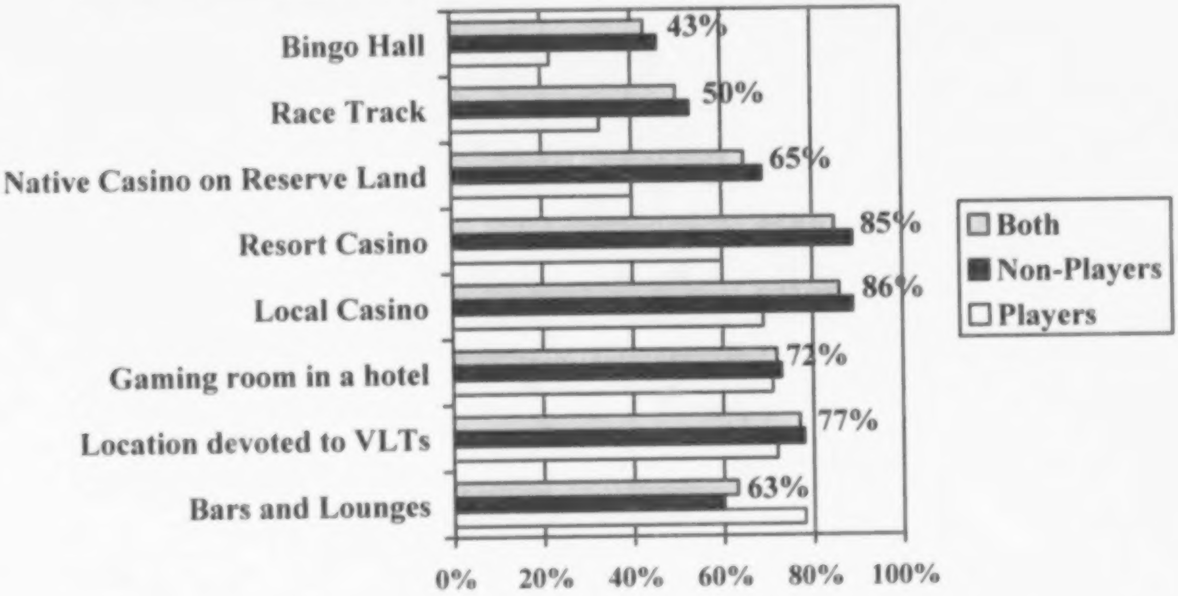
n = 1015

Should players be able to play Bingo on a Computer at a …?

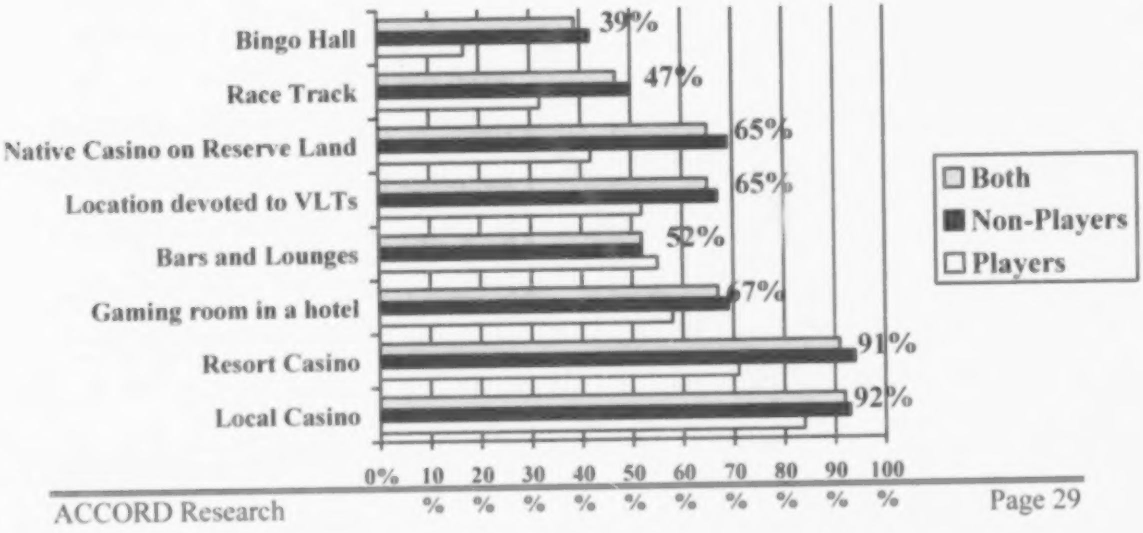
	% Response
Bingo Hall	89.0
Resort Casino	77.1
Local Casino	73.7
Native Casino on Reserve Land	67.7
Race Track	53.3

n = 1125

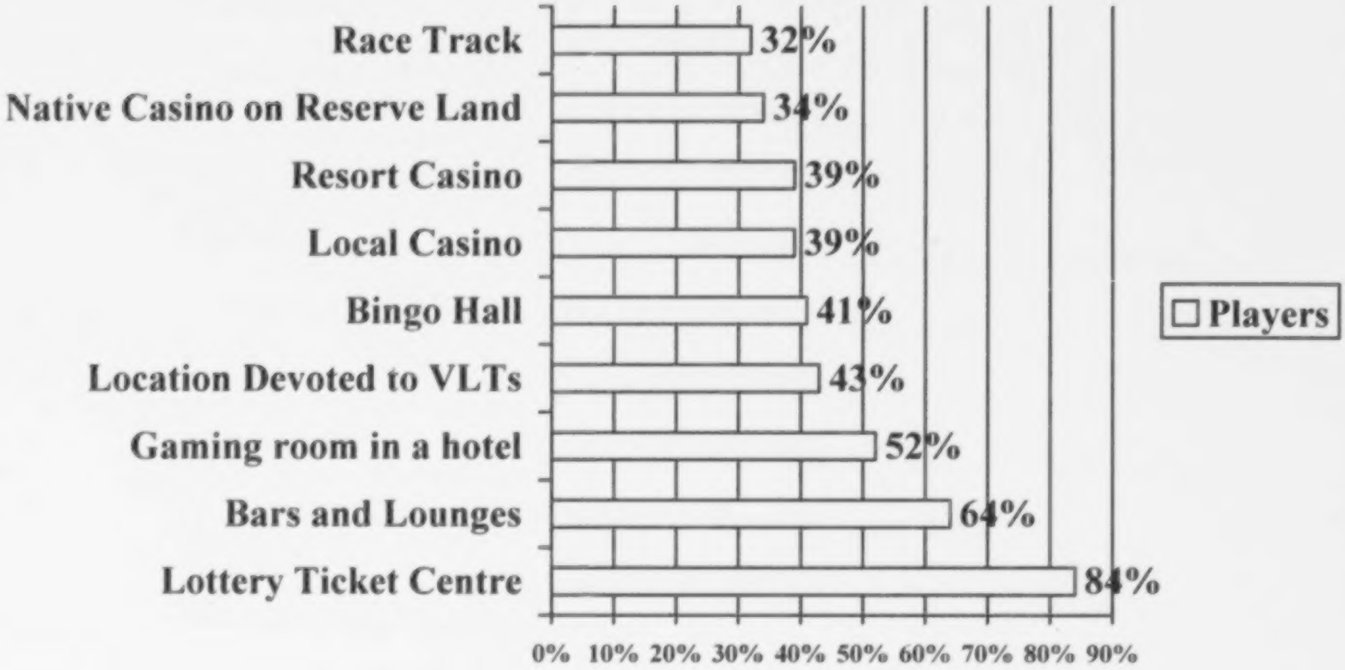
Desired location of VLT availability



Desired location of slot machine availability



Desired Location of Instant Tickets from a Dispensing Machine



7. GAMING BEHAVIOUR

7.1 CASINOS

Casino players were asked for their probability of playing particuiar games when they go to a casino.
Almost 50% of these respondents said they would definitely play **Regular slot machines** at a casino. **Blackjack** and **Video slot machines** were also popular with at least a quarter of casino-visiting respondents.

Q6

When you go to a casino, do you usually play Video slot machines?

	% Response
Definitely play	27.4
Probably play	30.7
Probably not play	12.2
Definitely not play	29.7

n=296

When you go to a casino, do you usually play Regular slot machines?

	% Response
Definitely play	47.7
Probably play	35.3
Probably not play	6.0
Definitely not play	11.0

n=300

When you go to a casino, do you usually play Blackjack?

	% Response
Definitely play	28.2
Probably play	27.2
Probably not play	7.8
Definitely not play	36.7

n=294

When you go to a casino, do you usually play Roulette or Wheel game?

	% Response
Definitely play	9.1
Probably play	23.8
Probably not play	16.4
Definitely not play	50.7

n=298

When you go to a casino, do you usually play Craps?

	% Response
Definitely play	3.7
Probably play	13.5
Probably not play	12.8
Definitely not play	70.0

n=297

When you go to a casino, do you usually play Mini-Baccarat?

	% Response
Definitely play	0.7
Probably play	4.1
Probably not play	15.4
Definitely not play	79.8

n=292

When you go to a casino, do you usually play Keno?

	% Response
Definitely play	6.1
Probably play	20.5
Probably not play	17.7
Definitely not play	55.6

n=293

When you go to a casino, do you usually play Electronic horse race game?

	% Response
Definitely play	5.7
Probably play	15.3
Probably not play	15.7
Definitely not play	63.3

n=300

When you go to a casino, do you usually play Baccarat?

	% Response
Definitely play	1.0
Probably play	5.8
Probably not play	16.1
Definitely not play	77.1

n=292

When you go to a casino, do you usually play Pit poker?

	% Response
Definitely play	5.7
Probably play	12.5
Probably not play	13.9
Definitely not play	67.9

n=296

When you go to a casino, do you usually play Room poker?

	% Response
Definitely play	6.4
Probably play	11.7
Probably not play	12.8
Definitely not play	69.1

n=298

When you go to a casino, do you usually play Sports book?

	% Response
Definitely play	2.1
Probably play	5.8
Probably not play	13.7
Definitely not play	78.4

n=291

When you go to a casino, do you usually play 'Other' games?

	% Response
Definitely play	4.1
Probably play	5.2
Probably not play	2.6
Definitely not play	88.1

n=193

7.2 VIDEO LOTTERIES

VLT players were asked about their playing behaviour, including length of play, amount spent and effect on play behaviour of other games and on winnings.

In a single play the average VLT player will spend 47 consecutive minutes at a machine spending $36.68.

Fifty-two percent of VLT players indicated that VLTs have had no effect on their overall gaming winnings.

Fifty-six percent indicated that VLTs have had no effect on the amount they are spending on gaming. Thirty-five percent indicated that the introduction of VLTs has caused them to increase their spending.

Over 80% of VLTs players indicated that VLTs have had no effect on their spending on table casino games, break-opens, bingo, horse race betting, instant tickets or lottery tickets.

Seventy-one percent of those who play VLTs like to socialize at the same time, 19% prefer to just play VLTs and 11% have no preference.

Q7
In general when you play Video Lotteries, how many consecutive minutes or hours do you usually play?

Mean	0.7839 hours

n=208

Q7b: How much cash do you put into the machine each time you play VLTs in a visit to a VLT establishment?

	% Response
0	0.9
1	4.3
2	5.2
3	1.4
4	0.5
5	19.9
6	0.5
10	12.3
15	0.9
20	25.1
25	2.8
30	1.9
35	0.5
40	4.3
50	6.6
60	2.8
80	0.9
100	2.2
200	2.4
400	0.5
700	0.5
1000	0.5

n=211

Mean	$36.68

Q8

How has the introduction of Video Lotteries affected your overall winnings at gaming or gambling?

	% Response
Increased	24.0
Neither	52.0
Decreased	24.0

n=204

How has the introduction of Video Lotteries affected the amount you spend on table-casino games?

	% Response
Increased	5.8
Neither	83.1
Decreased	11.1

n=207

How has the introduction of Video Lotteries affected the overall amount you spend gaming or gambling?

	% Response
Increased	35.3
Neither	55.6
Decreased	9.2

n=207

How has the introduction of Video Lotteries affected the amount you spend on break-opens?

	% Response
Increased	2.5
Neither	87.6
Decreased	10.0

n=201

How has the introduction of Video Lotteries affected the amount you spend on bingo?

	% Response
Increased	1.5
Neither	87.3
Decreased	11.3

n=204

How has the introduction of Video Lotteries affected the amount you spend on Instant tickets?

	% Response
Increased	3.3
Neither	87.7
Decreased	9.0

n=211

How has the introduction of Video Lotteries affected the amount you spend at the race track?

	% Response
Increased	3.4
Neither	87.9
Decreased	8.7

n=207

How has the introduction of Video Lotteries affected the amount you spend on Lottery Tickets

	% Response
Increased	5.3
Neither	86.1
Decreased	8.6

n=209

Q9

When you play video lotteries, do you prefer to…

	% Response
Go to a licensed establishment primarily to play VLTs	18.6
To socialize (drink, dance, visit) as well	71.0
No preference	10.5

n=210

7.3 SLOT MACHINES

Slot Machine players were asked about their length of play, amount spent, effect on play behaviour of other games and on winnings and casino play preferences.

In a single play the average Slot machine player will spend 1 consecutive hour at a machine spending $39.78.

Sixty-three percent of Slot machine players indicated that Slots have had no effect on their overall gaming winnings.

Sixty-seven percent indicated that Slots have had no effect on the amount they are spending on gaming. Twenty-four percent indicated that the introduction of Slots has caused them to increase their spending.

Over 80% of players indicated that Slot machines have had no effect on their spending on table casino games, break-opens, bingo, horse race betting, instant tickets or lottery tickets and VLTs. Sixty-nine percent of players prefer to just play slots and not table games, 22% percent enjoy doing both and 9% have no preference.

Q10a

In general when you play slot machines, how many consecutive minutes or hours do you usually play?

Mean	1.033 hours

n=195

Q10b

How much cash do you put into the machine each time you play slot machines in a visit to a gaming establishment?

	% Response
0	0.5
1	3.6
2	2.6
3	1.0
4	0.5
5	10.9
10	16.1
15	1.0
19	0.5
20	32.8
25	2.6
30	2.1
40	7.8
50	5.7
55	0.5
60	1.6
80	0.5
95	0.5
100	4.7
200	2.1
400	0.5
500	1.0
1000	0.5
Mean	$39.78

n=192

Q10c

How has the introduction of slot machines affected your overall winning at gaming or gambling?

	% Response
Increased	15.2
Neither	63.4
Decreased	21.5

n=191

How has the introduction of slot machines affected the overall amount you spend gaming or gambling?

	% Response
Increased	23.9
Neither	67.0
Decreased	9.1

n=197

How has the introduction of slot machines affected the amount you spend on table casino games?

	% Response
Increased	6.2
Neither	82.5
Decreased	11.3

n=194

How has the introduction of slot machines affected the amount you spend on Instant tickets?

	% Response
Increased	3.5
Neither	83.8
Decreased	12.6

n=198

How has the introduction of slot machines affected the amount you spend on Break-opens?

	% Response
Increased	0.5
Neither	88.1
Decreased	11.4

n=193

How has the introduction of slot machines affected the amount you spend on VLTs?

	% Response
Increased	7.6
Neither	80.3
Decreased	12.1

n=198

How has the introduction of slot machines affected the amount you spend on bingo?

	% Response
Increased	2.0
Neither	86.7
Decreased	11.2

n=196

How has the introduction of slot machines affected the amount you spend on Lottery tickets?

	% Response
Increased	7.1
Neither	84.3
Decreased	8.6

n=197

How has the introduction of slot machines affected the amount you spend at the race track?

	% Response
Increased	2.1
Neither	90.7
Decreased	7.2

n=194

Q10d

When you play slot machines at a casino, do you prefer to…

	% Response
Just play slot machines	69.4
Play slot machines and table games	22.3
No preference	8.3

n=193

8. GAMING OPERATING RESPONSIBILITY

All respondents were asked (unaided) who they thought was responsible for operating different gaming activities and facilities.

In every case, to a greater or lesser degree, most respondents named **the provincial government** as having responsibility for operating that game or facility.
In no instance did a majority of respondents name the provincial government. However, over 40% of respondents named the provincial government as having responsibility for **Regular Lottery games, Video Lotteries and Local Casinos.**
About a third named **Individual Venue Owners** as having responsibility for **Bingo Halls** and **Race Tracks.**
The provincial government and **Individual Venue Owners** were both named by just over a third of respondents as having responsibility for **Slot Machines**.

Q11: Who do you think is responsible for operating…

A: Regular lottery games like lotto 649

	% Response
Provincial government	40.3
Federal government	26.9
Government (unspecified)	12.5
Gaming Commission	5.2
Individual venue owners/private ownership	5.1
Provincial Gaming Commission	2.7
Lottery association/organization/committee/commission	2.6
Lottery corporation/companies	1.8
Lottery Board	1.6
Western Canada Lottery Station/commission/foundation	1.1
Alberta Lotteries	1.1
Lottery foundation	1.0
Federal gaming commission	0.9
Western lottery corporation/foundation/centre	0.7
Customers/general public/taxpayers	0.7
Treasury board/department	0.4
Charities/non-profit organization	0.4
Municipal governments	0.4
Sports organizations	0.2
Canada Lotto Foundation	0.2
Crown corporation	0.2
No one	0.1
Gaming Association/body/board	0.1
Western Express	0.1
First Nations	0.1
Minister of Lotteries	0.1

regular lottery games continued	
Unspecified Organizations	0.1
Elected board	0.1
Stores	0.0
Lottery ticket centres	0.0
Schools	0.0
Not applicable answer	0.0
Refused	0.1
Don't Know	10.1

n = 1530

Q11b Video lotteries

	% Response
Provincial government	44.3
Individual venue owners/private ownership	27.4
Government (unspecified)	9.8
Gaming commission	6.0
Federal Government	4.5
Provincial gaming commission	2.8
Municipal governments	2.0
Customers/general public/taxpayers	0.9
Alberta Lotteries	0.8
Gaming Association/body/board	0.8
Lottery board	0.8
Lottery association/organization/committee/commission	0.6
Charities/non-profit organizations	0.5
Alberta Gaming	0.4
Crooked guy/greedy bastards/distasteful people	0.2
Western Canada Lottery Station/commission/foundation	0.2
Unspecified Organizations	0.2
Not applicable answer	0.2
Federal gaming commission	0.1
Gaming company/corporation/industry	0.1
Race Track Commission	0.1
Lottery corporations/companies	0.1
Lottery foundation	0.1
No one	0.1
Western Lottery corporation/foundation/centre	0.1
Canada Lotto Foundation	0.0
Refused	0.1
Don't Know	13.7

n = 1529

Q11c: Local casinos

	% Response
Individual venue owners/private ownership	46.0
Provincial government	26.6
Government (unspecified)	7.8
Municipal governments	7.6
Charities/non-profit organizations	6.3
Gaming commission	4.7
Provincial Gaming Commission	2.9
Federal Government	2.3
First Nations	1.5
Customers/General Public/Taxpayers	0.8
Gaming Association/body/board	0.8
Unspecified Organizations	0.6
Alberta Lotteries	0.5
Mafia/mob/criminals	0.4
Alberta Gaming	0.3
Crooked guy/greedy bastards/distasteful people	0.2
Lottery association/organization/committee/commission	0.2
Gaming company/corporation/industry	0.1
Not applicable answer	0.1
Should be banned	0.1
ABS	0.1
No one	0.1
Lottery board	0.1
Elected board	0.1
Western Lottery Corporation/foundation/centre	0.1
Sports Organizations	0.1
Bingo Association	0.1
Don't Know	11.6

n = 1529

Q11d: Bingo halls

	% Response
Individual venue owners/private ownership	33.8
Charities/non-profit organizations	24.2
Provincial government	17.5
Municipal governments	9.9
Government (unspecified)	5.3
Gaming commission	5.1
Customers/general public/taxpayers	4.5
Provincial Gaming Commission	2.6
Churches/religious organizations	2.4
Unspecified organizations	2.1
Bingo associations	1.3
Federal government	1.2

bingo halls continued	
Sports organizations	1.1
First Nations	1.1
Alberta Gaming	0.7
Schools	0.5
Gaming association/body/board	0.4
Lottery association/organization/committee/commission	0.3
Not applicable answer	0.3
Lottery board	0.2
Alberta Lotteries	0.2
Elected board	0.1
ABS	0.1
Lottery corporations/companies	0.1
Federal gaming commission	0.1
Mafia/mob/criminals	0.1
No one	0.1
Should be licensed	0.1
Refused	0.0
Don't Know	13.7
Don't Know	10.1

n = 1530

Q11e: Race tracks

	% Response
Individual venue owners/private ownership	34.9
Provincial government	18.2
Municipal governments	9.2
Government (unspecified)	5.2
Race track committees/organizations/commission	4.9
Gaming commission	4.7
Provincial gaming commission	2.8
Horse owners/jockey club/agriculture society	2.5
Stampede board	2.3
Federal government	2.2
Northlands	2.0
Customers/general public/taxpayers	1.0
Charities/non-profit organizations	0.7
Alberta gaming	0.4
Exhibition board	0.4
Mafia/mob/criminals	0.4
Gaming association/body/board	0.3
Not applicable answer	0.2
Unspecified organizations	0.2
Alberta Lotteries	0.2
Crooked guy/greedy bastards/distasteful people	0.2

race tracks continued	
Lottery association/organization/committee/commission	0.1
Western Lottery Corporation/foundation/centre	0.1
Gaming company/corporation/industry	0.1
Bookies	0.1
Lottery board	0.1
Sports Organizations	0.1
No one	0.1
Don't Know	23.5

n = 1518

Q11f: Slot machines

	% Response
Provincial government	35.7
Individual venue owners/private ownership	35.3
Government (unspecified)	10.2
Gaming Commission	5.8
Federal government	4.5
Provincial gaming commission	3.3
Casinos	3.2
Municipal governments	2.4
Customers/general public/taxpayers	1.5
Charities/non-profit organizations	1.5
Alberta Gaming	0.8
First Nations	0.5
Not applicable answer	0.5
Alberta Lotteries	0.5
Gaming associations/body/board	0.4
Lottery association/organization/committee/commission	0.3
Mafia/mob/criminals	0.3
Crooked guy/greedy bastards/distasteful people	0.2
Crown corporation	0.2
Unspecified organizations	0.1
Western Canada Lottery Station/commission/foundation	0.1
Gaming company/corporation/industry	0.1
Lottery foundation	0.1
Minister of Lotteries	0.1
Lottery ticket centres	0.1
Lottery corporations/companies	0.1
Should be licensed	0.1
Federal gaming commission	0.1
Lottery board	0.1
No one	0.1
Western Lottery corporation/foundation/centre	0.1

Slot machines continued	
Northlands	0.1
Refused	0.1
Don't Know	10.5

n = 1522

Respondents were further asked for their opinion as to who should be responsible for operating the same games or facilities.

Responses were much more varied. More than a third felt that the **Federal Government** should be responsible for **Regular Lottery Games, Video Lotteries and Slot Machines.** Around a quarter of respondents felt that the Western Canada Lottery station/ commission/ foundation should be responsible for operating Local Casinos, Bingo Halls and Internet Gambling. About the same number felt that the Provincial Government should be responsible for Internet Gambling.

A very small percentage felt that the provincial government should be responsible for Video Lotteries.

Q11: Who do you think should be responsible for operating:

Qllg: Regular lottery games like lotto 649

	% Response
Federal government	38.7
Provincial government	22.3
Government (unspecified)	9.5
Western Canada Lottery Station/commission/foundation	6.2
Crown corporation	5.9
Lottery board	4.3
Not applicable answer	3.4
Provincial Gaming commission	2.4
Gaming commission	2.2
Alberta Lotteries	2.1
Lottery association/organization/committee/commission	1.5
Lottery ticket centres	0.9
Lottery corporations/companies	0.7
Individual venue owners/private ownership	0.5
Treasury board/department	0.4
No one	0.3
Lottery foundation	0.2
Municipal governments	0.1
Canada Lotto Foundation	0.1
First Nations	0.1
Minister of Lotteries	0.1
Stores	0.1
Charities/non-profit organizations	0.1
Gaming association/body/board	0.1

Regular lottery games continued	
Don't Know	7.8

n = 1522

Q11h: Video lotteries

	% Response
Federal government	35.8
Western Canada lottery station/commission/foundation	17.7
Lottery association/organization/committee/commission	5.8
Provincial government	5.8
Government (unspecified)	5.7
Crown corporation	4.9
Alberta lotteries	4.1
Provincial gaming commission	3.4
Gaming commission	2.0
Canada Lotto Foundation	2.0
Not applicable answer	2.0
Lottery board	1.3
Sports organizations	0.8
Minister of Lotteries	0.5
No one	0.5
Treasury board/department	0.5
Federal gaming commission	0.4
Municipal governments	0.4
Lottery foundation	0.3
Western Lottery Corporation/foundation/centre	0.3
Lottery ticket centres	0.3
Customers/general public/taxpayers	0.3
Individual venue owners/private ownership	0.2
Lottery corporations/companies	0.2
Stores	0.1
Gaming association/body/board	0.1
Western express	0.1
Gaming company/corporation/industry	0.1
Unspecified organizations	0.1
Don't Know	9.6

n = 1524

Q11i: Local Casinos

	% Response
Western Canada Lottery station/commission/foundation	26.9
Federal government	23.7
Alberta lotteries	14.4
Gaming commission	6.9
Canada Lotto Foundation	5.8

Local casinos continued	
Provincial gaming commission	5.2
Government (unspecified)	4.0
Crown corporation	3.9
Lottery association/organization/committee/commission	3.1
Provincial government	2.7
Minister of Lotteries	2.0
Lottery board	1.5
Treasury board/department	0.9
Western express	0.8
Municipal governments	0.8
Not applicable answer	0.7
Individual venue owners/private ownership	0.5
Sports organizations	0.5
Federal gaming commission	0.5
No one	0.4
Gaming association/body/board	0.4
Lottery foundation	0.3
Western Lottery Corporation/foundation/centre	0.2
Lottery ticket centres	0.2
Customers/general public/taxpayers	0.2
Unspecified organizations	0.2
Alberta gaming	0.1
Stores	0.1
Lottery corporations/companies	0.1
Refused	0.0
Don't Know	6.7

n = 1529

Q11j: Bingo Halls

	% Response
Western Canada Lottery Station/commission/foundation	22.9
Federal government	17.9
Gaming commission	15.3
Alberta Lotteries	12.4
Provincial gaming commission	10.2
Crown corporation	4.7
Gaming company/corporation/industry	3.0
Government (unspecified)	2.6
Lottery board	2.6
Canada Lotto Foundation	2.0
Not applicable answer	1.6
Provincial government	1.6
Lottery association/organization/committee/commission	1.4
Minister of Lotteries	0.9

Bingo halls continued	
Western Express	0.5
Municipal Governments	0.4
Treasury board/department	0.4
Gaming association/body/board	0.3
Federal gaming commission	0.3
Individual venue owners/private ownership	0.3
No one	0.2
Customers/general public/taxpayers	0.2
Charities/non-profit organizations	0.1
Lottery foundation	0.1
Lottery ticket centres	0.1
Unspecified organizations	0.0
Don't Know	6.9

n = 1519

Q11k: Race Tracks

	% Response
Western Canada Lottery Station/commission/foundation	25.9
Federal government	22.2
Alberta Lotteries	12.4
Canada Lotto Foundation	5.2
Provincial Gaming Commission	4.1
Crown corporation	3.7
Lottery board	3.7
Government (unspecified)	3.7
Provincial government	3.0
Churches/religious organizations	2.4
Lottery association/organization/committee/commission	2.0
Crooked guy/greedy bastards/distasteful people	2.0
Race track committees/organizations/commission	2.0
Gaming commission	1.6
Elected board	1.4
Minister of Lotteries	0.9
Treasury board/department	0.8
Not applicable answer	0.8
Municipal governments	0.6
Lottery foundation	0.5
Customers/general public/taxpayers	0.4
No one	0.3
Gaming Association/body/board	0.3
Federal gaming commission	0.3
Unspecified organizations	0.2
Bookies	0.2
Individual venue owners/private ownership	0.1

Race track continued	
Charities/non-profit organizations	0.1
Casinos	0.1
Lottery corporations/companies	0.1
Stores	0.1
Lottery ticket centres	0.1
Don't Know	13.2

n = 1529

Q11l: Slot machines

	% Response
Federal government	31.2
Western Canada Lottery Station/commission/foundation	22.8
Canada Lotto foundation	6.0
Alberta Lotteries	5.7
Provincial Gaming commission	5.0
Lottery association/organization/committee/commission	4.6
Provincial government	4.6
Government (unspecified)	4.4
Crown corporation	4.4
Gaming commission	2.7
Lottery board	2.1
Sports organizations	2.0
Not applicable answer	1.0
Treasury board/department	1.0
Western Lottery corporation/foundation/centre	0.9
Minister of Lotteries	0.7
No one	0.5
Municipal governments	0.5
Lottery corporations/companies	0.4
Gaming association/body/board	0.3
Customers/general public/taxpayers	0.3
Federal gaming commission	0.3
Lottery foundation	0.2
Individual venue owners/private ownership	0.1
Lottery ticket centres	0.1
Western express	0.1
Alberta gaming	0.1
Stores	0.1
Unspecified Organizations	0.0
Don't Know	7.0

n = 1528

Q11m: Internet gambling

	% Response
Provincial government	21.5
Lottery association/organization/committee/commission	21.3
Federal government	11.5
Western Canada Lottery Station/commission/foundation	5.1
Race track commission	5.0
Mafia/mob/criminals	4.8
Government (unspecified)	4.2
Not applicable answer	3.0
Crown corporation	2.8
Schools	1.3
Bingo Associations	1.0
Provincial Gaming Commission	1.0
Minister of Lotteries	0.9
Alberta Lotteries	0.8
Gaming commission	0.8
Northlands	0.7
First Nations	0.7
Treasury board/department	0.6
Customers/general public/taxpayers	0.5
Canada Lotto foundation	0.5
Municipal governments	0.5
Lottery board	0.3
Exhibition board	0.3
Horse owners/jockey club agriculture society	0.3
Stampede board	0.2
Lottery ticket centres	0.2
Gaming association/body/board	0.2
No one	0.2
Lottery foundation	0.1
Charities/non-profit organizations	0.1
Federal gaming commission	0.1
Individual venue owners/private ownership	0.1
Should be banned	0.1
Refused	0.1
Don't Know	21.3

n = 1529

9. GAMING KNOWLEDGE

Respondents were asked to consider how well informed they were about various gaming activities.

Regular Bingo was the activity about which the highest percentage of respondents felt very well informed. **Video Lotteries** and **Coin Dispensing Slot Machines** were also familiar to at least a quarter of respondents.

Five Minute Keno, Electronic Bingo and Internet Gambling were familiar to the least number of respondents.

Q12

How well informed do you feel you are about how to play Sports Select?

	% Response
Very well informed	12.8
Somewhat informed	15.3
Not very well informed	14.8
Not informed at all	57.0

n=1517

How well informed do you feel you are about how to play Video Lotteries

	% Response
Very well informed	18.8
Somewhat informed	25.7
Not very well informed	15.1
Not informed at all	40.4

n=1520

How well informed do you feel you are about where to play Video Lotteries?

	% Response
Very well informed	29.9
Somewhat informed	30.5
Not very well informed	13.4
Not informed at all	26.2

n=1516

How well informed do you feel you are about how to play five minute Keno?

	% Response
Very well informed	3.7
Somewhat informed	9.0
Not very well informed	13.5
Not informed at all	73.7

n=1514

How well informed do you feel you are about how to play Sports Select?

	% Response
Very well informed	12.8
Somewhat informed	153
Not very well informed	14.8
Not informed at all	57.0

n=1517

How well informed do you feel you are about how to play regular bingo?

	% Response
Very well informed	41.2
Somewhat informed	37.0
Not very well informed	10.2
Not informed at all	11.6

n=1528

How well informed do you feel you are about how to play electronic bingo?

	% Response
Very well informed	3.4
Somewhat informed	8.6
Not very well informed	17.3
Not informed at all	70.7

n=1517

How well informed do you feel you are about how to play Casino table games?

	% Response
Very well informed	8.7
Somewhat informed	26.4
Not very well informed	18.3
Not informed at all	46.5

n=1521

How well informed do you feel you are about how to bet on horse racing?

	% Response
Very well informed	11.3
Somewhat informed	23.4
Not very well informed	16.0
Not informed at all	49.2

n=1521

How well informed do you feel you are about how to play coin dispensing slot machines?

	% Response
Very well informed	25.6
Somewhat informed	31.3
Not very well informed	13.8
Not informed at all	29.4

n=1520

How well informed do you feel you are about internet gambling?

	% Response
Very well informed	3.3
Somewhat informed	7.6
Not very well informed	12.9
Not informed at all	76.2

n=1515

How well informed do you feel you are about where to purchase break-opens?

	% Response
Very well informed	13.9
Somewhat informed	23.2
Not very well informed	16.9
Not informed at all	46.0

n=1506

10. GAMING PROCEEDS DISTRIBUTION

More respondents tended to feel very well informed about the proceeds of **Raffles** than they did about any other form of gaming. **Bingo** proceeds were also a perceived well-understood area.

There were low levels of perceived understanding about the distribution of proceeds from Horse Races and Slot Machines.

Q13a

How well informed do you feel you are about where the proceeds from various types of gaming go such as Bingo?

	% Response
Very well informed	15.5
Somewhat informed	37.0
Not very well informed	17.0
Not informed at all	30.5

n=1512

How well informed do you feel you are about where the proceeds from various types of gaming go such as Casinos?

	% Response
Very well informed	6.9
Somewhat informed	21.3
Not very well informed	21.1
Not informed at all	50.7

n=1514

How well informed do you feel you are about where the proceeds from various types of gaming go such as Lotteries?

	% Response
Very well informed	8.7
Somewhat informed	39.7
Not very well informed	21.0
Not informed at all	30.6

n=1525

How well informed do you feel you are about where the proceeds from various types of gaming go such as Video Lotteries?

	% Response
Very well informed	8.4
Somewhat informed	24.8
Not very well informed	20.1
Not informed at all	46.8

n=1519

How well informed do you feel you are about where the proceeds from various types of gaming go such as Horse races?

	% Response
Very well informed	4.1
Somewhat informed	9.6
Not very well informed	17.9
Not informed at all	68.3

n=1510

How well informed do you feel you are about where the proceeds from various types of gaming go such as Raffles?

	% Response
Very well informed	27.7
Somewhat informed	45.0
Not very well informed	10.5
Not informed at all	16.9

n=1515

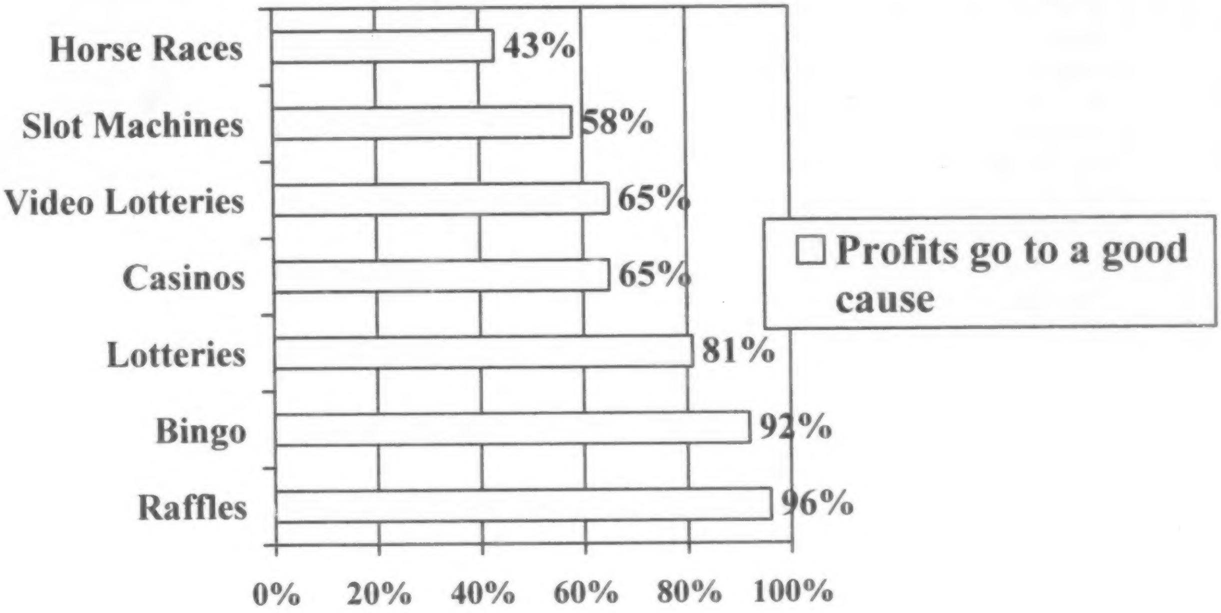
How well informed do you feel you are about where the proceeds from various types of gaming go such as Slot machines?

	% Response
Very well informed	5.8
Somewhat informed	19.3
Not very well informed	21.6
Not informed at all	53.3

n=1516

For almost all of the named gaming activities the majority of respondents felt that the proceeds went to a good cause.
There was almost a consensus that **Raffles** proceeds go to a good cause. All other proceeds destinations were viewed favourably by a majority of respondents with the exception of Horse Races.

Attitudes Towards Gaming Profits



The majority of respondents had no recollection of hearing, seeing or reading anything about the distribution of gaming proceeds. For those who could recall information, newspapers were their primary source of information.
For the majority of these aware respondents the information they had noticed made them feel positive about AGLC. Feelings about the Alberta government were somewhat less likely to be positive. A third of respondents felt that information received made them feel negative about spending money on Lotteries.

Q14a
Can you recall hearing, seeing or reading anything recently about where gaming proceeds went?

	% Response
Yes	19.8
No	80.2

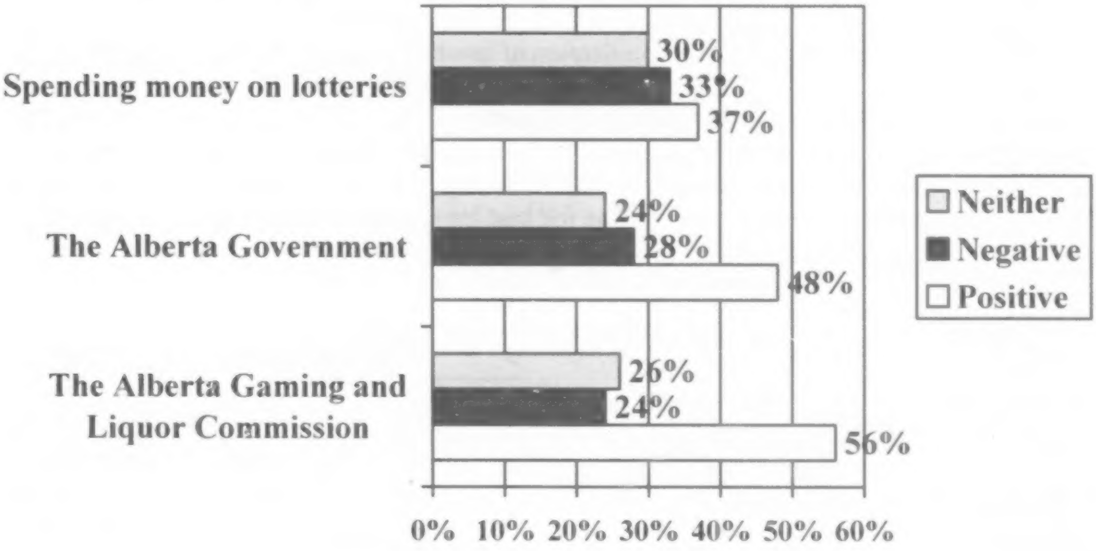
n=1522

What is your primary source of information about where the proceeds from gaming go? (First mention)

	% Response
Newspapers	52.6
Television	13.0
Radio	6.6
Media (unspecified)	5.6
Involvement (volunteer/employment) connected to gaming	5.3
Friends/word of mouth	4.6
Flyers/circulars/mail/pamphlets	2.9
Through charity of gaming agency	2.9
Magazines	2.7
Buying raffle/lottery tickets	2.2
Through participation/attendance at gaming facility	2.1
Native Bands	1.1
Awareness of dispute/controversy	1.0
Through schools	1.0
Billboards	0.9
Internet	0.8
Gambling help groups	0.7
Government report	0.4
Other	5.8
Don't Know	2.9

n = 297

Effects of Seeing or Hearing About the Distribution of Gaming Proceeds



Those who had no recollection of hearing, seeing or reading where proceeds go were asked to give their opinion as to where they think proceeds go. Almost fifty percent of this group felt that gaming proceeds go to the Government (unspecified). Almost a third felt that proceeds go to Charities.

Q14b

Where do you think the proceeds from gaming go?

	% Response
Government	49.3
Charities	32.6
Community organizations	19.2
Casinos (owners, organizers, operators)	18.3
Sports and recreation	17.3
Health care	9.1
Community facility enhancement	7.6
Education and schools	6.8
Non-profit organizations	2.6
"Into someone's pocket"	2.5
Arts and Culture	2.4
Social Service	2.0
Grants, programs (unspecified)	1.7
Administration/salaries	1.3
Gambling addiction organizations	1.1
Winners, prize money	0.9
Infrastructure, roads	0.9
To taxes	0.5
Politician's pockets/corrupt politicians	0.5
To a god cause	0.4
Natives, reserves	0.3
Organized crime, the mob	0.3
To the debt	0.2
Lottery fund	0.2
Don't Know	0.2

n = 1190

All respondents were asked for their preferred recipient of gaming proceeds. **Charities** were a favoured destination for a third of respondents, followed closely by **Health Care.** Education and Schools and Community Organisations were also frequent mentions.

Q14d

Where would you like the proceeds from gaming to go?

	% Response
Charities	34.9
Health Care	29.1
Education and Schools	23.2
Community Organizations	20.9
Community Facility Enhancement	14.7
Sports and Recreation	14.2
Government	11.3
Children's/youth help programs	5.2
Gambling addiction	4.1
Homeless (also shelters)	3.9
Arts and Culture	3.4
Social programs	2.1
Seniors, pensions	2.0
Infrastructure/transportation/roads	1.9
Owners (of gaming facilities/machines	1.9
Reducing taxes	1.8
Non-profit organizations	1.8
Good causes/where it's most needed	1.7
To people/the public/general problems	1.7
Debt/deficit reduction	1.6
Other health research (including diabetes)	1.6
Nowhere (wants gambling eliminated)	1.5
Low cost housing	1.3
To me/in my bank account/my pocket	1.2
Environment/wildlife	1.2
Cancer research/foundation	1.0
Women's shelters	0.9
No change	0.9
Winners/prizes	0.8
The disabled/handicapped	0.7
Disabled children/sick children/children's hospital	0.7
Addictions (unspecified)	0.6
Alcohol/drug addiction	0.6
To the specific community or area where the gaming is played	0.6
SPCA	0.5
Business incentives/employment generation	0.5
Do not use proceeds for general revenue, standard and needed	0.5
Family/parents (including low income family health and dental)	0.5
Student loans/grants/scholarships	0.4
NHL teams	0.4
Food banks	0.3
Lower gasoline costs	0.3
Police	0.3

Where proceeds should go continued	
Churches	0.3
Camp for kids	0.2
Heart and lung research/foundation	0.2
Foreign aid	0.2
Agriculture	0.1
Victim services	0.1
Playgrounds	0.1
Ronald McDonald House	0.1
Other	5.1
Don't Know	5.8

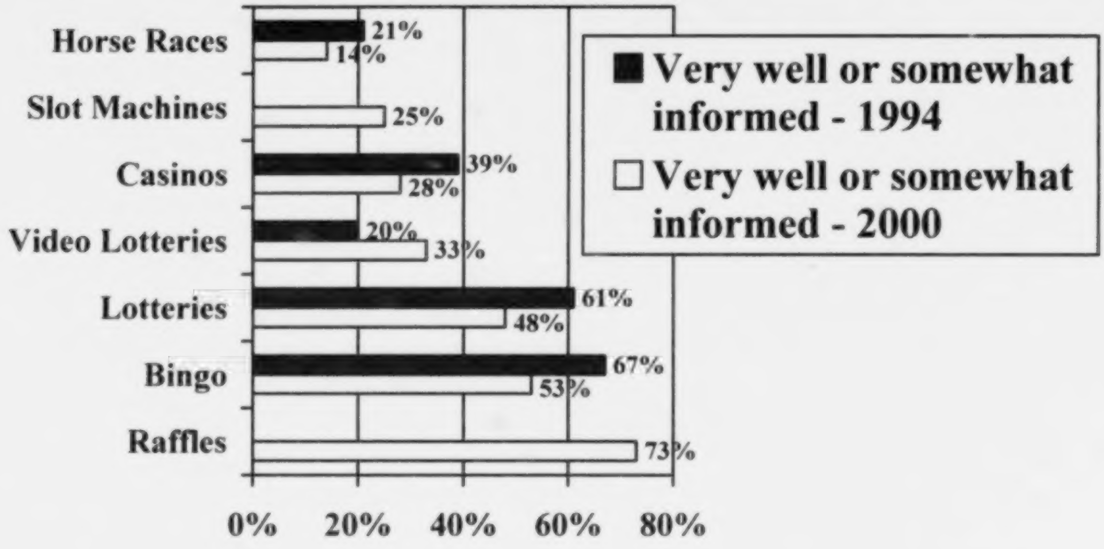
n = 1515

Attitudes Toward Proceeds Distribution

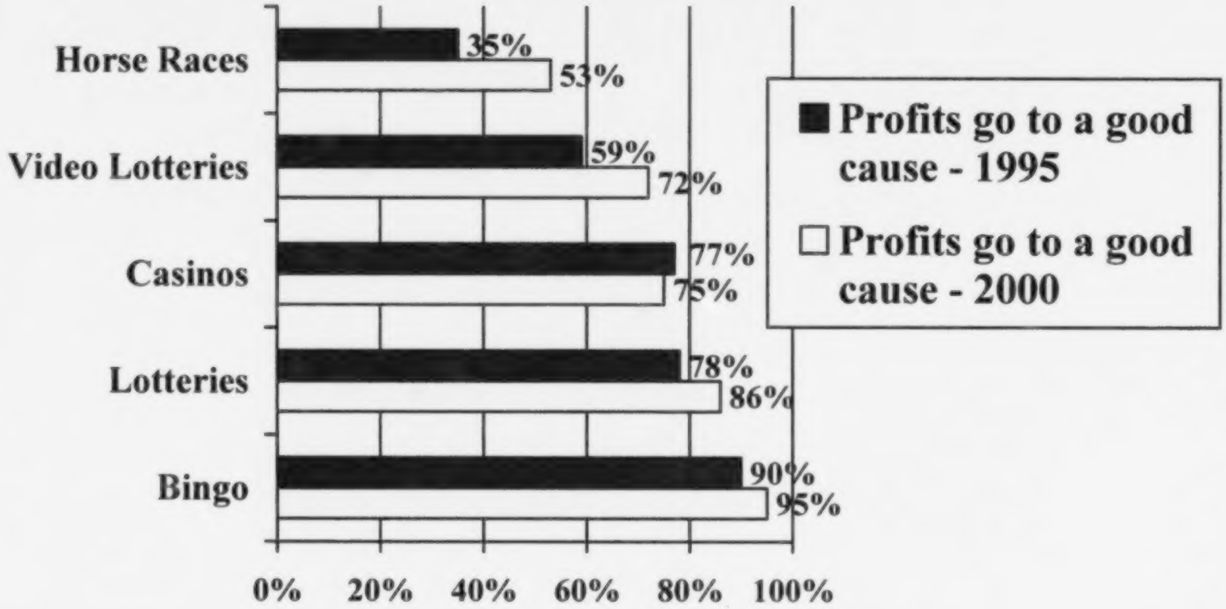
Think proceeds go to…	Would like proceeds to go to…
Government (38%)	Charities (35%)
Charities (26%)	Health care (29%)
Community Organizations (15%)	Education and Schools (23%)
Casino owners/organizations (15%)	Community Organizations (21%)
Sports and Recreation (13%)	Community Facility Enhancement (15%)
Health Care (7%)	Sports and Recreation (14%)

There is a strong correlation between perceived knowledge of and attitudes towards proceeds distribution.
Those who feel better informed have a more positive attitude towards where proceeds go.

Perceived Knowledge of Proceeds Distribution 1994 and 2000



Shift in Attitudes Toward Gaming Profits 1995-2000



Among those who feel informed

11. GAMING ATTITUDES

All respondents were read a list of statements about lotteries and gaming in Alberta and asked to report how they felt about each statement on a scale of agreement or disagreement with each statement.

The statement that received the highest percentage of completely agree responses was **"Lotteries are a form of gambling."** This statement received a very high percentage of agreement. More than half of all respondents also completely agreed with the statement **"It is up to each individual to control their own gambling."**

On the other end of the scale, **"People should have access to gaming in a bar, hotel or nightclub"** was the most frequently totally disagreed with statement at close to a quarter of respondents. Other statements that were more likely to receive a high percentage of completely disagree ratings were "Gaming takes advantage of poorer Albertans" and "Gaming is an evil influence on society."

Q16

Lotteries are a form of gambling

	% Response
Totally Disagree	1.6
2	0.7
3	1.4
4	2.8
5	6.0
6	10.5
Completely Agree	77.0

n=1527

People should have access to gaming in a bar, hotel or nightclub

	% Response
Totally Disagree	22.8
2	10.9
3	10.5
4	14.3
5	17.1
6	9.5
Completely Agree	14.9

n=1519

Regular lotteries like Lotto 649 are becoming more popular

	% Response
Totally Disagree	2.5
2	2.4
3	9.0
4	19.9
5	22.4
6	17.1
Completely Agree	26.7

n=1444

Gaming takes advantage of poorer Albertans

	% Response
Totally Disagree	20.6
2	10.4
3	12.1
4	10.6
5	13.8
6	9.7
Completely Agree	22.8

n=1517

Video Lotteries are becoming more popular

	% Response
Totally Disagree	3.4
2	2.5
3	8.7
4	17.9
5	21.7
6	17.3
Completely Agree	28.6

n=1397

Video lotteries are more addictive than regular lottery games like Lotto 649

	% Response
Totally Disagree	8.7
2	4.3
3	6.0
4	9.4
5	12.9
6	16.9
Completely Agree	41.6

n=1429

Gaming is an evil influence on society

	% Response
Totally Disagree	19.8
2	12.5
3	12.9
4	13.2
5	15.2
6	7.7
Completely Agree	18.7

n=1517

Lotteries are operated fairly and honestly

	% Response
Totally Disagree	7.5
2	6.3
3	14.1
4	20.0
5	21.6
6	15.8
Completely Agree	14.8

n=1396

People should be able to play slot machines year round

	% Response
Totally Disagree	9.2
2	4.3
3	6.3
4	11.4
5	15.4
6	14.8
Completely Agree	38.5

n=1515

More controls should be placed on where and when people can play Video Lotteries

	% Response
Totally Disagree	12.3
2	8.7
3	8.5
4	1.1
5	14.7
6	12.7
Completely Agree	32.0

n=1507

There is too much gaming in Alberta

	% Response
Totally Disagree	12.6
2	10.8
3	12.4
4	16.8
5	19.7
6	7.9
Completely Agree	19.7

n=1490

Governments are dependent on lotteries as a source of revenue

	% Response
Totally Disagree	5.9
2	5.0
3	7.2
4	13.4
5	17.8
6	16.3
Completely Agree	34.3

n=1476

Increased access to gaming and gambling will create more problems then it is worth in Alberta

	% Response
Totally Disagree	10.3
2	6.6
3	9.5
4	13.2
5	16.1
6	12.6
Completely Agree	31.6

n=1520

Lotteries are a god way to raise revenue because only the willing pay

	% Response
Totally Disagree	14.2
2	7.8
3	11.4
4	12.6
5	18.5
6	12.9
Completely Agree	22.6

n=1511

More money should be spent to inform Albertans about where the lottery proceeds go

	% Response
Totally Disagree	3.6
2	2.4
3	3.6
4	8.4
5	15.8
6	18.6
Completely Agree	47.5

n=1523

It is up to each individual to control their own gambling

	% Response
Totally Disagree	4.4
2	4.1
3	6.2
4	6.0
5	10.2
6	12.1
Completely Agree	56.9

n=1523

Video lotteries are more addictive than slot machines

	% Response
Totally Disagree	14.6
2	10.5
3	10.4
4	19.2
5	16.1
6	11.9
Completely Agree	17.4

n=1331

In the case of **VLTs**, respondents were more likely to agree (than disagree) that **"Video Lotteries are becoming more popular."** They were also more likely to agree that **"More controls should be placed on where and when people can play Video Lotteries."**

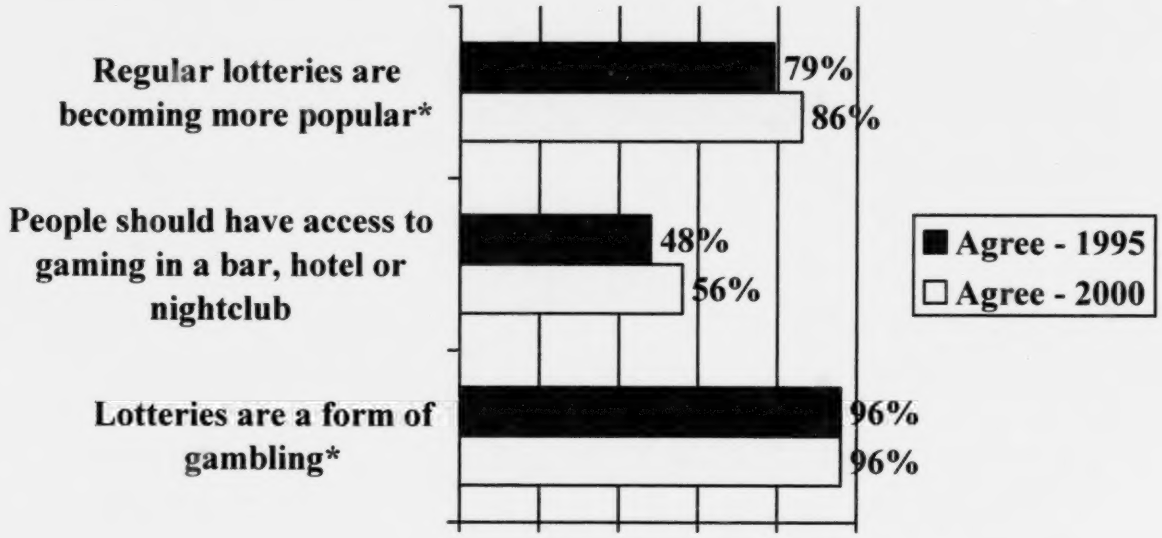
There are few regional differences in these attitudes:

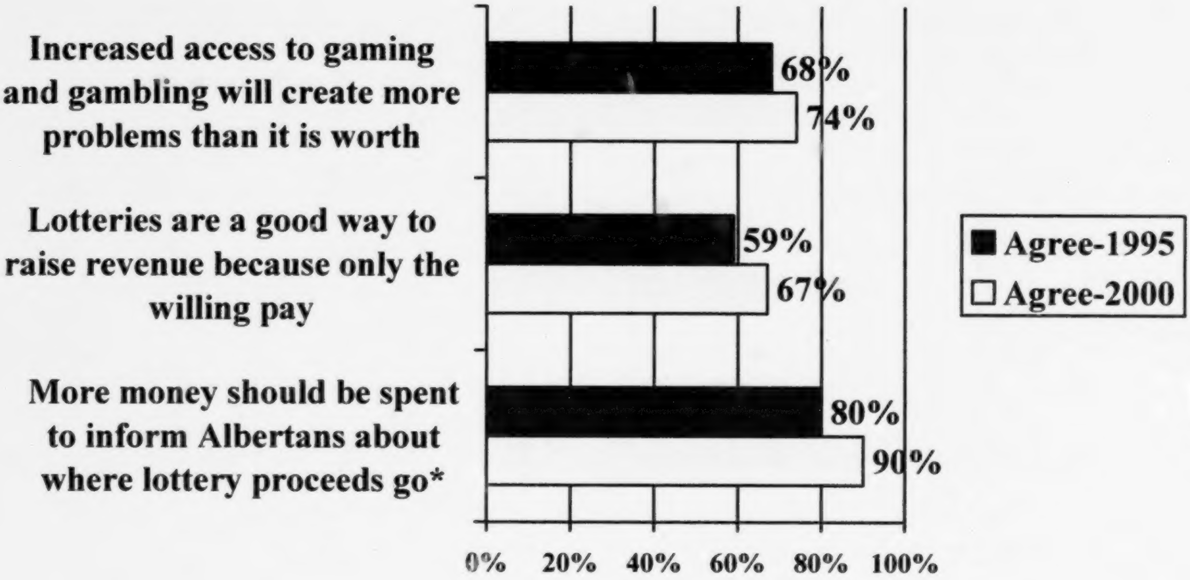
Those in Southern Alberta are less likely than those in Northern Alberta to want more controls on where people can play VLTs.
Those in Northern Alberta are the most likely to believe that VLTs are becoming more popular.

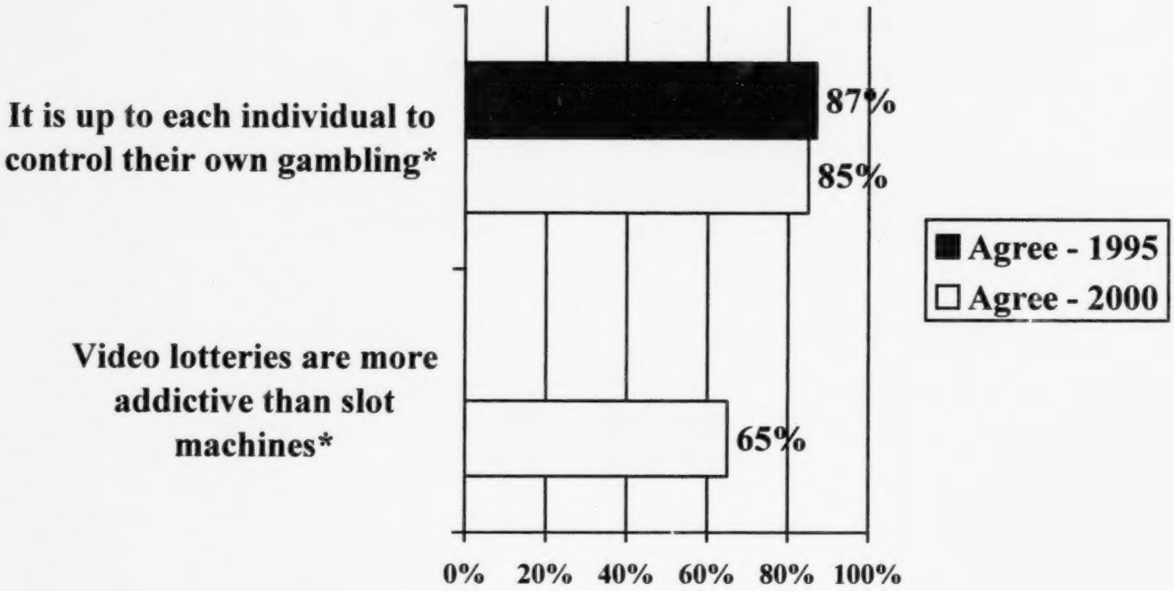
Comparison with responses from 1993/1994

General attitudes towards gaming have changed little since 1993/1994 although opinion towards VLTs is significantly more negative now, particularly in Northern Alberta.

Shift in Attitudes Toward Gaming 1995-2000







12. IDEAL GAMING FACILITY

Respondents were asked to imagine they were going to design their ideal gaming facility. They were asked to rate the appeal of a number of different features of that ideal facility. The most appealing features for a large majority of respondents are **'Security'** and **a 'Clean modern environment.'**

'Intimate atmosphere', 'Themed décor' and 'Fast-food service' were the features least likely to receive an 'extremely appealing' rating. Less than a quarter of respondents rated these features at a high level of appeal.

Q16.2

Themed Decor

	% Response
Extremely appealing	23.1
2	12.2
3	20.4
4	18.3
5	10.4
6	6.2
Not at all appealing	9.4

n=646

Intimate Atmosphere

	% Response
Extremely appealing	20.3
2	12.2
3	20.8
4	18.6
5	12.1
6	5.1
Not at all appealing	10.9

n=645

Modern Furnishings and Equipment

	% Response
Extremely appealing	50.1
2	16.8
3	14.0
4	7.2
5	5.1
6	2.2
Not at all appealing	4.6

n=649

Live Entertainment

	% Response
Extremely appealing	30.4
2	11.2
3	18.3
4	13.8
5	9.8
6	4.3
Not at all appealing	12.1

n=651

Spacious Surrounding

	% Response
Extremely appealing	50.5
2	19.9
3	12.8
4	5.9
5	5.2
6	1.4
Not at all appealing	4.3

n=649

Fast Food Service

	% Response
Extremely appealing	23.8
2	12.1
3	18.5
4	15.8
5	13.8
6	5.4
Not at all appealing	10.7

n=647

Seated Dining

	% Response
Extremely appealing	34.5
2	14.9
3	18.5
4	11.2
5	6.9
6	4.9
Not at all appealing	8.9

n=649

Convenient Parking

	% Response
Extremely appealing	64.7
2	16.1
3	6.9
4	3.7
5	2.9
6	1.2
Not at all appealing	4.4

n=652

Liquor Service

	% Response
Extremely appealing	32.6
2	10.1
3	1631
4	14.4
5	9.2
6	5.1
Not at all appealing	12.4

n=651

Non-Smoking Sections

	% Response
Extremely appealing	60.1
2	7.7
3	0.9
4	5.9
5	4.2
6	2.0
Not at all appealing	12.3

n=649

Security

	% Response
Extremely appealing	75.5
2	11.7
3	3.9
4	2.5
5	.4
6	0.8
Not at all appealing	4.3

n=649

Easily Identifiable Staff

	% Response
Extremely appealing	63.9
2	14.6
3	8.6
4	4.0
5	2.8
6	1.7
Not at all appealing	4.5

n=651

Clean Modern Environment

	% Response
Extremely appealing	70.7
2	13.1
3	4.1
4	4.0
5	2.1
6	1.2
Not at all appealing	4.8

n=652

13. 1 PERCEPTIONS OF PROBLEM GAMBLING

Respondents were presented with a list of different games and gaming activities and asked to rate them on a scale from being harmless entertainment to hard gambling.

Internet gambling, Video Lotteries and **Coin operated slot machines** were the most likely to be considered as hard gambling.

Q17: Hard gambling vs. Harmless Entertainment

Raffles

	% Response
Harmless Entertainment	41.2
2	22.5
3	14.4
4	9.7
5	6.7
6	1.5
Hard Gambling	4.0

n=1509

Regular Bingos

	% Response
Harmless Entertainment	17.3
2	12.4
3	15.7
4	17.0
5	17.1
6	8.5
Hard Gambling	12.1

n=1510

Pull-Tabs

	% Response
Harmless Entertainment	19.0
2	12.5
3	18.0
4	19.1
5	15.0
6	6.3
Hard Gambling	10.1

n=1397

Five Minute Keno

	% Response
Harmless Entertainment	11.0
2	6.3
3	13.8
4	20.2
5	17.8
6	10.7
Hard Gambling	20.3

n=1239

Instant Tickets

	% Response
Harmless Entertainment	19.3
2	16.3
3	18.6
4	15.8
5	14.2
6	6.0
Hard Gambling	9.8

n=1499

Video Lotteries

	% Response
Harmless Entertainment	6.0
2	2.4
3	6.7
4	11.4
5	16.8
6	18.4
Hard Gambling	38.2

n=1472

Horse Race Betting

	% Response
Harmless Entertainment	8.0
2	3.7
3	9.8
4	14.9
5	20.1
6	16.3
Hard Gambling	27.2

n=1500

Sports Select

	% Response
Harmless Entertainment	16.1
2	11.7
3	21.2
4	16.6
5	17.0
6	6.7
Hard Gambling	10.7

n=1406

Local Casino Table Games

	% Response
Harmless Entertainment	5.7
2	3.5
3	8.2
4	13.5
5	18.0
6	17.6
Hard Gambling	33.4

n=1486

Coin Dispensing Slot Machines

	% Response
Harmless Entertainment	7.8
2	3.9
3	9.0
4	14.3
5	17.2
6	17.8
Hard Gambling	30.0

n=1502

Resort Casinos

	% Response
Harmless Entertainment	8.4
2	4.6
3	10.7
4	14.2
5	18.3
6	13.8
Hard Gambling	30.0

n=1489

Internet Gambling

	% Response
Harmless Entertainment	5.5
2	1.8
3	6.5
4	9.6
5	13.8
6	16.1
Hard Gambling	46.7

n=1389

Lotteries like Lotto 649

	% Response
Harmless Entertainment	20.7
2	15.2
3	18.2
4	16.3
5	13.7
6	7.3
Hard Gambling	8.6

n=1515

Bingo Played on a Computer Device in a Bingo Hall

	% Response
Harmless Entertainment	11.7
2	9.1
3	13.4
4	19.1
5	18.0
6	10.4
Hard Gambling	18.3

n=1433

Harmless Entertainment or Hard Gambling?

	Mean
Raffles	2.38
Pull-tabs	3.58
Instant tickets	3.47
Regular bingo	3.78
5 minute Keno	4.41
Video Lotteries	5.39
Horse Race Betting	4.93
Local Casino table games	5.22
Resort Casinos	4.91
Lotteries like Lotto 649	3.43
Sport Select	3.70
Coin dispensing slot machines	5.03
Internet Gambling	5.59
Bingo played on a computer device in a bingo hall	4.27

13.2 PROBLEM GAMBLING

Respondents were further asked for their top-of-mind impressions of which kind of gambling they would associate with 'problem gambling.'

Video Lotteries was mentioned (unaided) more frequently than any other gaming activity as 'problem gambling'—by just over 40% of respondents as a first mention and by more than half of all respondents as a combination of all mentions
Casino table games and **Slot machines** were other frequent mentions as types of problem gambling.

Q18
When you hear the words 'problem gambling' what kind of gambling comes to mind first? First Mention

	% Response
Video lotteries	43.1
Casino table games	18.9
Slot machines	13.1
Addictive/compulsive gambling	12.7
Horse racing	2.8
Bingos	2.6
Card games (all mentions)	1.6
All types of gambling	1.5
Poor people/spending beyond your means	0.8
Internet gambling	0.4
Regular lottery games	0.4
Bar gambling	0.3
Broken families	0.1
Games aren't the problem, people are	0.1
Illegal gambling	0.1

Problem gambling continued	
Instant tickets	0.1
Pull tabs	0.1
Sports betting	0.1
Refused	0.1
Other	1.0
Don't Know	0.2

n=1530

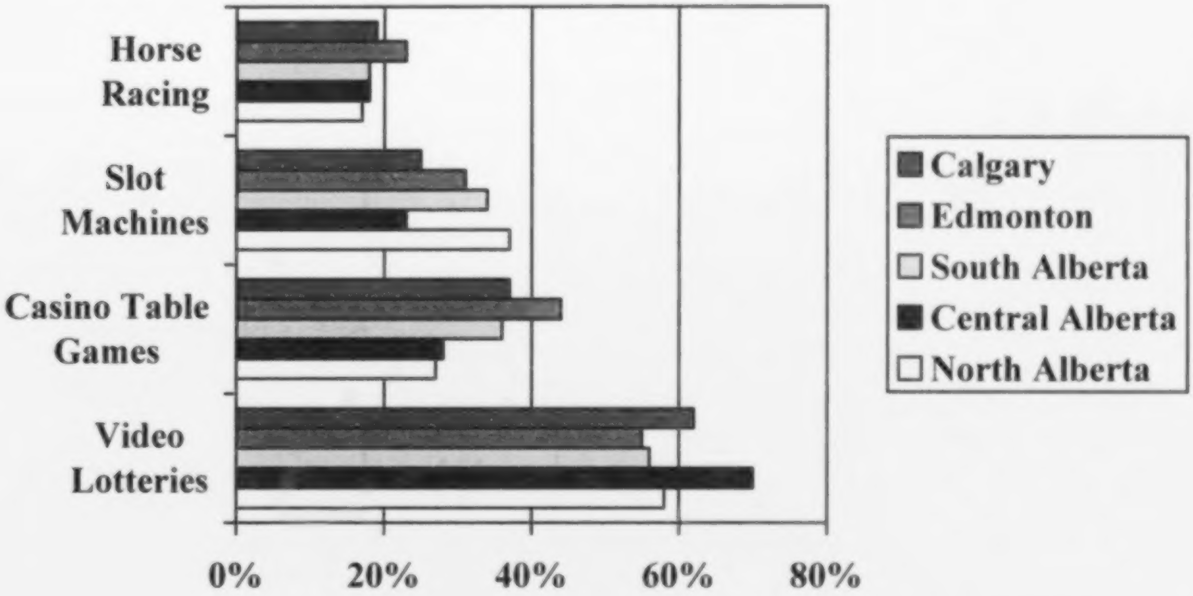
All Mentions

	% Response
Video lotteries	59.0
Casino table games	38.9
Slot machines	27.9
Horse racing	19.3
Bingos	18.0
Addictive/compulsive gambling	16.1
Card games (all mentions)	6.4
Regular lottery games	5.9
Internet gambling	3.4
All types of gambling	2.2
Poor people/spending beyond your means	1.3
Sports betting	0.7
Instant tickets	0.6
Bar gambling	0.5
Pull tabs	0.4
Illegal gambling	0.4
Sport select	0.3
alcoholism	0.2
Broken families	0.1
Stock market	0.1
Keno	0.1
Betting in general	0.1
Games aren't the problem, people are	0.1
Refused	0.1
Other	1.9
Don't Know	0.2

n = 1529

Looking at regional responses, those in Central Alberta mentioned Slot machines less often than respondents in other regions. Those in Northern Alberta mentioned Table Games on first mention more than any other region.

Games Associated With Problem Gambling—open ended



Respondents were next read a list of gambling activities and asked if they thought that activity either causes or is associated with any problems in Alberta.
A very high percentage of respondents felt that **Video Lotteries** are a problem—more than any other gaming activity presented. Other gaming activities with a high frequency of connection with problems are Slot Machines, Casino Table Games and Internet Gambling.

Q19

Regular lottery games

	% Response
Yes	37.9
No	62.7

n=1474

Bingos

	% Response
Yes	53.2
No	46.8

n=1490

Horse track betting

	% Response
Yes	68.2
No	31.7

n=1454

Video Lotteries

	% Response
Yes	85.7
No	14.2

n=1468

Casino table games

	% Response
Yes	76.7
No	23.3

n=1474

Break-opens (Pull-tabs)

	% Response
Yes	34.2
No	65.7

n=1358

Slot Machines

	% Response
Yes	80.5
No	19.4

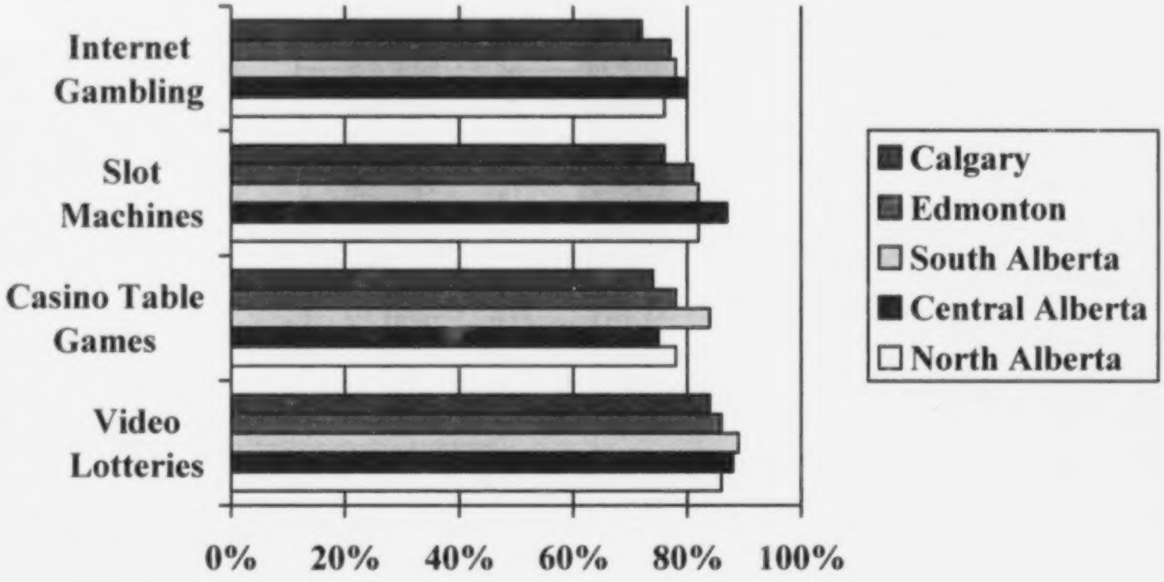
n=1487

Internet Gambling

	% Response
Yes	75.9
No	24.1

n=1313

Games Associated With Problem Gambling—direct question



A majority of respondents reported that over the past year problems associated with gambling in Alberta had increased or got worse.
Those in Northern Alberta were the most likely to say that problems had increased.

Q20
Over the past year do you thing problems associated with gambling in Alberta have…

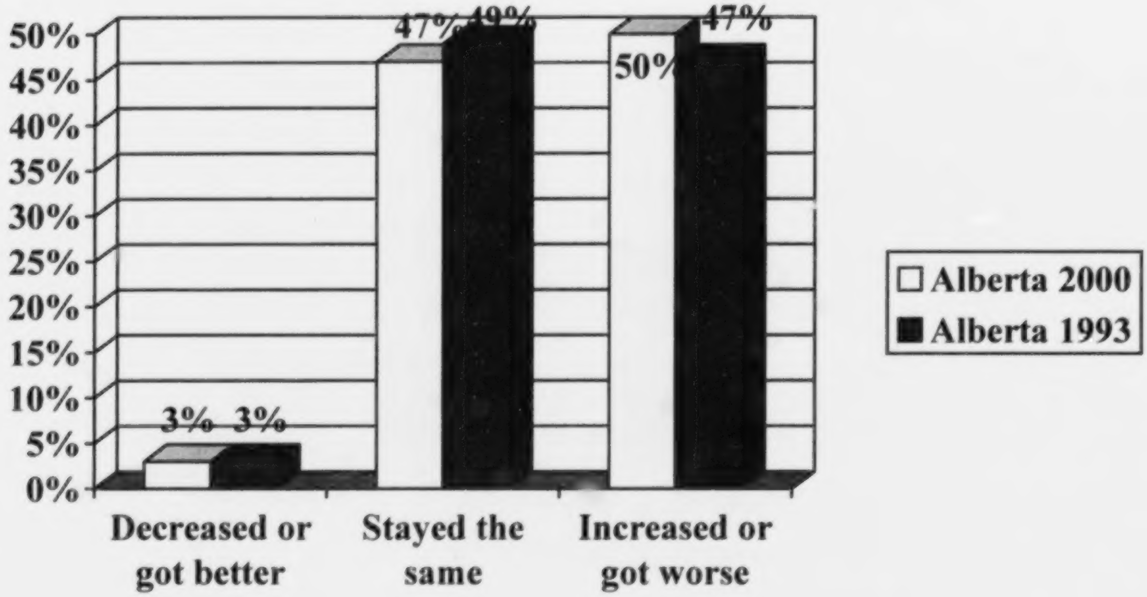
	% Response
Increased or got worse	51.9
Stayed the same	45.0
Decreased or got better	3.1

n=1367

Comparison with 1993

In 2000, more Albertans than in 1993 appear to feel that problems associated with gambling have got worse or increased.

Over the Past Year, Do You Think Problems Associated With Gambling in Alberta have...



14. PSYCHOGRAPHIC RESPONSES

All respondents were read a list of statements of how different people approach life and asked to rate how much they agreed or disagreed with each statement.

Almost half of all respondents strongly agreed that **'It's more important to understand my inner self than it is to be rich and powerful.'**
Other statements that received a high percentage of strong agreement ratings were **'I feel very comfortable with technology such as computers, instant banking machines or video games,'** and **'I prefer to work quietly behind the scenes without causing waves.'**
Statements that respondents were more likely to disagree with were 'Whether or not you make it in life is mostly determined by luck.' 'Most nights of the week I am out at a social event of some sort' and 'I think I would, or do, enjoy trading stocks on the internet.'

Q21

I pay close attention to what successful people are doing

	% Response
Disagree totally	14.9
2	13.5
3	14.0
4	16.6
5	17.8
6	10.4
Agree completely	12.9

n=1524

I enjoy introducing a small element of danger into my life

	% Response
Disagree totally	22.6
2	14.6
3	12.1
4	15.0
5	16.8
6	7.5
Agree completely	11.4

n=1529

I am more experimental than traditional

	% Response
Disagree totally	17.2
2	11.6
3	13.7
4	18.1
5	15.8
6	9.7
Agree completely	13.9

n=1521

It's very important to me to feel I am part of a group

	% Response
Disagree totally	19.9
2	13.0
3	14.2
4	17.0
5	14.6
6	9.3
Agree completely	12.0

n=1521

Life should be enjoyed as much as possible today without worrying about the future

	% Response
Disagree totally	16.2
2	11.5
3	12.9
4	12.9
5	16.9
6	8.7
Agree completely	20.8

n=1523

Most nights of the week I am out at a social event of some sort

	% Response
Disagree totally	44.0
2	19.6
3	11.2
4	7.7
5	7.3
6	4.5
Agree completely	5.6

n=1524

I like to win and enjoy the feeling that I have beaten the rest of the world

	% Response
Disagree totally	23.5
2	14.3
3	11.9
4	14.2
5	15.5
6	7.6
Agree completely	13.0

n=1512

I enjoy a challenge, pitting myself against the odds

	% Response
Disagree totally	13.8
2	9.8
3	11.7
4	14.8
5	20.7
6	12.5
Agree completely	16.9

n=1517

I prefer to work quietly behind the scenes without causing waves

	% Response
Disagree totally	10.9
2	8.0
3	12.8
4	16.3
5	17.0
6	12.0
Agree completely	22.9

n=1520

People should have the right to do what they want to do, even it if could hurt them

	% Response
Disagree totally	19.9
2	9.9
3	12.2
4	12.7
5	15.7
6	9.9
Agree completely	19.7

n=1520

Everything is changing too fast today

	% Response
Disagree totally	17.2
2	11.2
3	13.4
4	16.8
5	15.3
6	8.2
Agree completely	17.9

n=1526

I feel very comfortable with technology such as computers, instant banking machines or video games

	% Response
Disagree totally	11.2
2	5.0
3	6.9
4	9.9
5	15.7
6	17.5
Agree completely	33.7

n=1529

Whether or not you make it in life is mostly determined by luck

	% Response
Disagree totally	52.9
2	19.4
3	9.7
4	6.7
5	5.7
6	2.4
Agree completely	3.3

n=1530

I often feel left out of decisions that affect me

	% Response
Disagree totally	31.4
2	18.5
3	13.4
4	1.3
5	10.3
6	6.5
Agree completely	8.7

n=1512

It's more important to understand my inner self than it is to be rich and powerful

	% Response
Disagree totally	5.1
2	2.8
3	6.0
4	11.6
5	12.3
6	16.2
Agree completely	46.1

n=1518

I think I would, or do, enjoy trading stocks on the internet

	% Response
Disagree totally	47.5
2	13.4
3	8.0
4	8.8
5	10.1
6	5.2
Agree completely	6.9

n=1502

15. COMMUNICATION ON GAMING

More than a third of respondents named **Newspapers** as their primary source of information about gaming. TV was another common gaming information source named by just under a quarter of respondents.

Q22
What is your primary source of information (if any) about gaming? First Mention

	% Response
Newspaper	38.1
TV	22.5
Word of mouth	11.8
None	7.2
Personal experience	6.1
Radio	3.3
Ads/Brochures	1.6
Magazines	1.5
Media	1.1
Work	1.0
Internet	0.9

Primary source of information continued	
Community involvement	0.6
Lottery booth tickets	0.5
Bars and restaurants and hotels	0.4
This phone call	0.4
At the bingo hall/casinos	0.3
Gaming commission	0.3
Luck Magazine	0.2
Other signs/banners at community events	0.2
ADAC/gamblers anonymous/anti-gambling social service	0.2
Construction Site Signs (Community facilities)	0.1
Other	1.8

n=1509

All Other Mentions

	% Response
Newspaper	61.6
TV	49.4
None	39.0
Word of mouth	22.9
Magazines	7.9
DK/NS	5.4
Ads/Brochures	4.4
Internet	3.5
Work	1.7
Media	1.6
Other signs/banners at community events	1.1
Community involvement	1.0
Lottery booth tickets	0.9
Luck Magazine	0.8
Festival Poster of Arts Events Programs	0.6
At the bingo hall/casino	0.6
This phone call	0.5
Bars and restaurants and hotels	0.5
Construction Site Signs (Community facilities)	0.4
ADAC/gamblers anonymous/anti-gambling social service	0.4
Gaming commission	0.3
Books/reading about it	0.2
School	0.1
Other	3.0

n = 1530

16. LEISURE ACTIVITIES

When asked about their leisure activities, a very high, 99% of respondents reported having gone to a **restaurant** in the past year. Other common activities were going to a **private party** or to a **movie** in the past year.

Q23

In the past year have you gone to a movie?

	% Response
Yes	75.1
No	24.9

n=1530

In the past year have you gone to live theatre?

	% Response
Yes	41.7
No	58.3

n=1527

In the past year have you gone to a live concert?

	% Response
Yes	40.2
No	59.8

n=1529

In the past year have you gone to a neighborhood pub?

	% Response
Yes	53.6
No	46.4

n=1529

In the past year have you gone to a sports bar?

	% Response
Yes	37.0
No	63.0

n=1530

In the past year have you gone to a tavern (with live entertainment)?

	% Response
Yes	44.4
No	55.6

n=1526

In the past year have you gone to a night club (with dancing)?

	% Response
Yes	41.9
No	58.1

n=1530

In the past year have you gone to a restaurant?

	% Response
Yes	98.6
No	1.4

n=1530

In the past year have you gone to a hall party?

	% Response
Yes	33.6
No	66.4

n=1513

In the past year have you gone to a rave?

	% Response
Yes	4.8
No	95.2

n=1507

In the past year have you gone to a private party?

	% Response
Yes	78.0
No	22.0

n=1530

In the past year have you gone to a live sporting event?

	% Response
Yes	54.5
No	45.5

n=1530

In the past year have you gone to a games parlor (i.e. bowling alley, pool hall)?

	% Response
Yes	39.5
No	60.5

n=1528

In the past year have you gone to a museum/gallery?

	% Response
Yes	50.9
No	49.1

n=1530

In the past year have you gone to an exhibition/tradeshow

	% Response
Yes	59.7
No	40.3

n=1527

The average restaurant-going respondent went to a restaurant 6 times in the past year. Movies and private parties were both attended 1.5 times on average.

Q24

How may times in the past month have you gone to a movie?

	% Response
0	36.9
1	28.4
2	18.8
3	6.9
4	3.9
5	1.8
6	0.9
7	0.5
8	0.3
9	0.1
10	0.8
12	0.3
15	0.1
20	0.1
25	0.1
100	0.1

n=1146

How may times in the past month have you gone to live theatre?

	% Response
0	65.9
1	25.9
2	4.9
3	1.3
4	0.8
5	0.6
6	0.3
10	0.2

n=637

How many times in the past month have you gone to a live concert?

	% Response
0	63.8
1	27.0
2	4.9
3	1.5
4	1.8
5	0.2
6	0.2
7	0.2
8	0.2
10	0.2
15	0.2

n=614

How many times in the past month have you gone to a neighborhood pub?

	% Response
0	31.5
1	27.9
2	19.1
3	5.2
4	6.5
5	2.5
6	1.1
7	0.5
8	0.9
10	2.0
11	0.1
12	0.6
15	0.6
16	0.1
20	1.1
30	0.2
100	0.1

n=815

How many times in the past month have you gone to a sports bar?

	% Response
0	44.3
1	27.4
2	15.4
3	4.4
4	2.8
5	2.1
6	0.4
7	0.2
8	0.4
10	1.2
13	0.2
15	0.4
20	0.4
25	0.2
30	0.2
120	0.2

n=566

How many times in the past month have you gone to a night club (with dancing)?

	% Response
0	41.8
1	22.3
2	11.9
3	4.2
4	6.1
5	3.3
6	2.4
7	1.3
8	1.4
9	0.2
10	2.4
12	1.1
15	0.6
20	0.8
22	0.2
26	0.2

n=637

How many times in the past month have you gone to a tavern?

	% Response
0	45.3
1	28.2
2	12.4
3	5.0
4	3.1
5	1.8
6	1.3
7	0.6
8	0.4
9	0.4
10	0.3
12	0.1
13	0.1
15	0.1
16	0.1
17	0.1
20	0.3
50	0.1

n=677

How many times in the past month have you gone to a restaurant?

	% Response
0	3.4
1	11.1
2	16.3
3	13.9
4	14.0
5	8.5
6	7.8
7	1.8
8	3.3
9	0.3
10	7.1
11	0.1
12	2.8
13	0.1
14	0.2
15	2.1
16	0.1
17	0.1
18	0.1
20	3.9
22	0.1
24	0.1
25	0.6
28	0.1
30	1.7
31	0.1
35	0.1
48	0.1
60	0.2
90	0.1
100	0.2

n=1502

How many times in the past month have you gone to a rave?

	% Response
0	41.9
1	39.2
2	12.2
3	1.4
5	2.7
9	1.4
28	1.4

n=74

How many times in the past month have you gone to a private party?

	% Response
0	34.3
1	32.1
2	19.5
3	6.8
4	2.7
5	1.6
6	0.5
7	0.3
8	0.6
9	0.1
10	0.3
12	0.5
15	0.1
18	0.1
20	0.3
24	0.2
50	0.1

n=1192

How many times in the past month have you gone to a live sporting event?

	% Response
0	55.4
1	21.2
2	7.3
3	3.2
4	3.4
5	1.1
6	1.1
7	0.2
8	2.0
9	0.1
10	2.2
11	0.1
12	0.5
13	0.1
14	0.1
15	0.4
16	0.2
17	0.1
20	0.5
25	0.2
30	0.4
40	0.1

n=831

How many times in the past month have you gone to a games parlor?

	% Response
0	51.7
1	24.8
2	10.1
3	5.8
4	3.5
5	1.3
6	0.3
7	0.7
8	0.2
10	0.8
13	0.2
15	0.3
20	0.5

n=602

How many times in the past month have you gone to a museum/gallery?

	% Response
0	59.9
1	27.1
2	7.3
3	2.2
4	0.9
5	0.4
6	0.1
7	0.5
8	0.4
10	0.3
17	0.1
20	0.3
30	0.3
90	0.1
100	0.1

n=776

How many times in the past month have you gone to an exhibition/tradeshow?

	% Response
0	70.1
1	23.8
2	4.6
3	1.0
4	0.3
6	0.1

n=910

How many times in the past month have you gone to a …?

	Mean
Movie	1.49
Live theatre	1.10
Live concert	0.57
Neighborhood pub	2.21
Sports bar	1.58
Tavern (with live entertainment)	1.34
Night club (with dancing)	2.07
Restaurant	6.12
Hall party	0.66
Rave	1.32
Private party	1.45
Live sporting event	1.67
Games parlor (i.e. bowling alley, pool hall)	1.20
Museum/gallery	1.05
Exhibition/tradeshow	0.38

II. SEGMENTATION ANALYSIS

Three types of information were used to produce various segments or clusters
- **Gaming and Life Psychographic Factors**
- **Gaming Attitude Factors**
- **Gaming play Factors**

The cluster analysis was used to produce a six segment solution.

Psychographic Factors included the following:

- **Attitudes towards gaming in Alberta**
- **Thrill-seeking behaviour**
- **Control of own life, comfort with change**
- **Addictiveness of games**
- **Popularity of games**
- **Introverted behaviour**
- **Attitudes towards lotteries**

Gaming attitude factors in terms of which games are considered hard gambling vs. soft gambling include:

Hard:
- Casino table games
- Slot machines
- Video lotteries
- Resort Casinos
- Internet gambling
- 5 minute Keno
- Computer bingo

Soft:
- Raffles
- Instant Tickets
- Lotteries
- Pull Tabs
- Sport Select
- Bingo
- Computer Bingo

Gaming play factors include:

Lotteries:

☐ The Plus

- Lotto 649
- Western 649
- Super 7
- The Extra

Challenge Games:

- Table games at a casino
- Sport Select
- Sports or other betting pools
- Internet gambling
- Pick 3

Traditional Games:

- Bingo
- Video Lotteries
- Slot Machines
- Instant tickets
- Break Opens

Horse Race Betting:

- Horse race Betting at a track
- Off Track Horse Race Betting

The six segments determined through cluster analysis are:

Gaming Opponents
- Opposed to gaming for moral and social reasons

Detached Non-gamers
- Do not want to be involved
- Will oppose gaming if pushed

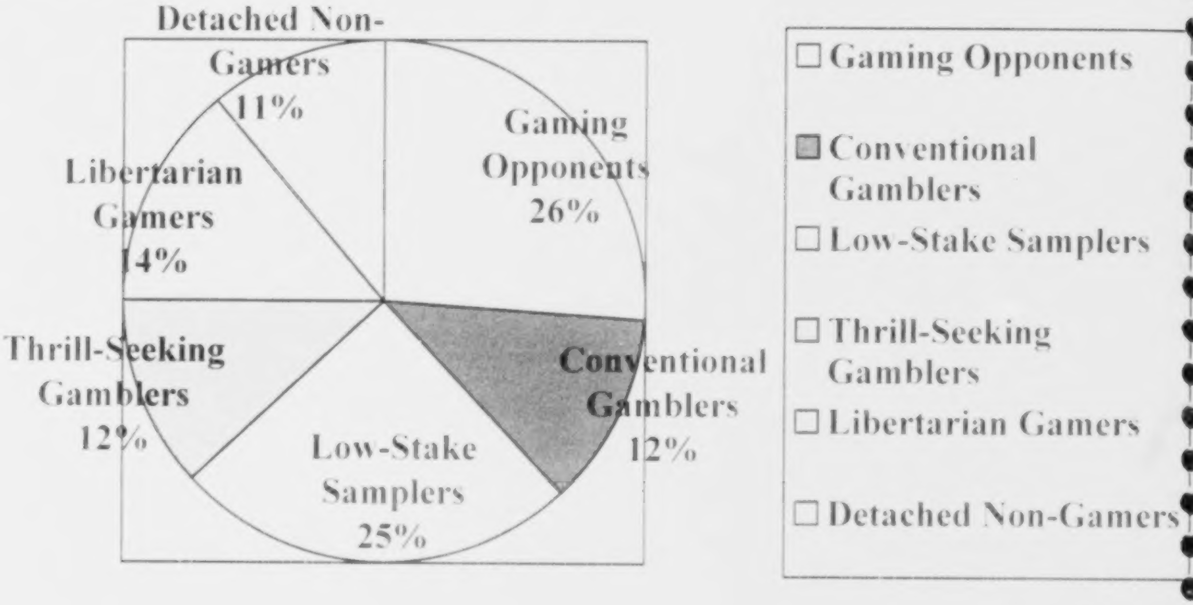
Low-stakes Samplers
- Play low-stakes games
- Not risk-takers

Conventional Gamblers
- Mainstay of games such as bingo, lotteries and VLTs
- Lower income/education

Thrill-seeking Gamblers
- Young and social, risk-takers
- Spend the most on gaming

Libertarian Gamers
- Individualistic and strongly support open access to gaming

Gaming Segments



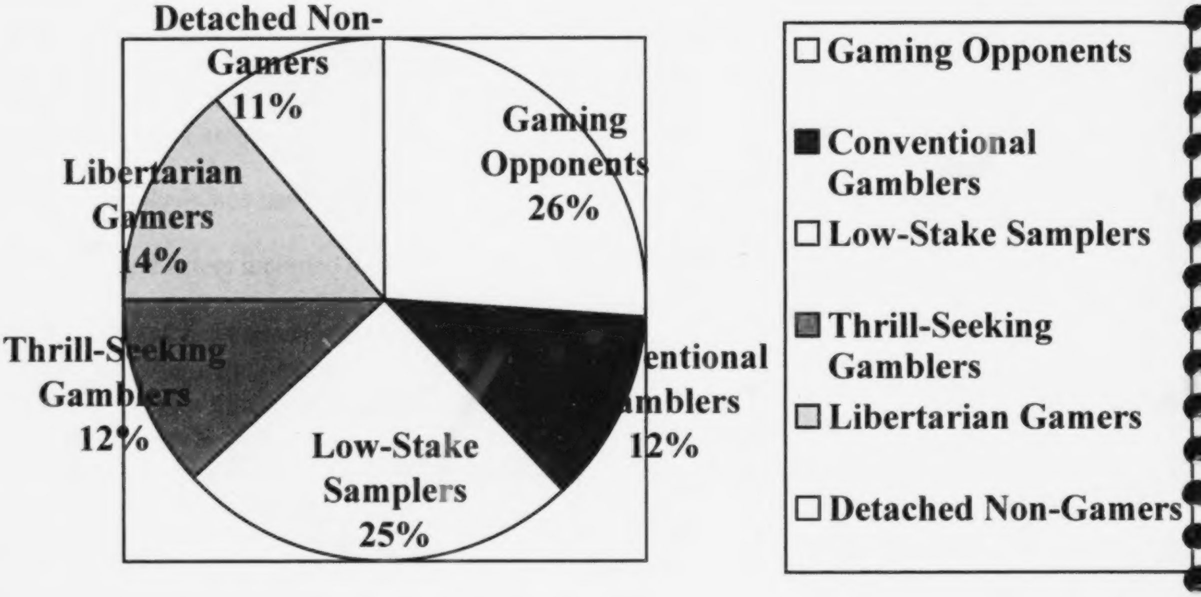
2000

- Gaming Opponents (26%)
- Detached Non-Gamers (11%)
- Low-Stake Samplers (25%)
- Conventional Gamblers (12%)
- Thrill-Seeking Gamblers (12%)
- Libertarian Gamers (14%)

- 1994
- Prohibitionists (15%)
- Uninvolved Critics (8%)
- Concerned Dabblers (29%)
- Traditional Players (21%)
- Interactive Gamblers (8%)
- Challenge Fans (19%)

Conventional Gamblers include many more VLT players than the Traditional Players Segment.
Detached Non-Gamers are not nearly as vocally critical as Uninvolved Critics.
Some of those who may have been Traditional Players but who are not interested in VLTs may have moved to join the Concerned Dabblers, producing a Low-Stakes Samplers segment with an increased share of the Lottery Ticket players.
Others who may have been Traditional Players may have moved into the Gaming Opponents segment.

Gaming Segments



2000

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Others who may have been Traditional Players may have moved into the Gaming Opponents segment.

GENERAL GAMING ATTITUDES

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
General Gaming Attitudes	Clearly, Gaming Opponents have a very negative attitude towards gaming. They believe that it is a negative influence on society, taking advantage of poorer Albertans. They believe increased access to gaming causes problems and they would like greater controls on access to gaming such as video lotteries. Gaming Opponents feel lotteries are not a good way of raising revenues. Furthermore, they feel that the government is dependent on these revenues. Members of this group would also like the Alberta government to do more to inform Albertans about where lottery proceeds go.	Detached Non-Gamers are the only group that does not believe that lotteries are a form of gaming. They are also the least likely to believe that lotteries are becoming more popular. They don't think that the government should spend money on informing Albertans about lottery proceeds. However, other than the Gaming Opponents, Detached Non-Gamers are the least likely to believe that the individual should control their own gaming. They generally do not support access to gambling.	While Low-Stake Samplers believe that the government is dependent on lotteries, they feel that this is a good way to raise revenues. They agree that VLTs are more addictive than slots but also believe that individuals should control their own gambling habits. They would also like the Alberta government to spend money to inform Albertans about lottery proceeds.	There is a fair degree of support for access to gaming from Conventional Gamblers. They think people should have year round access to slots and that individuals should control their own gambling habits. They do however agree that video lotteries are becoming more popular and that they are more addictive than lotteries. Conventional Gamblers also believe the government is dependent upon lottery revenues.	Attitudes towards gaming within this group are not particularly extreme in either direction. Overall, Thrill-Seeking Gamblers support access to gaming and they believe the individual is responsible for controlling their own gambling. They do not believe that the government is dependent on lottery revenues or that gaming is an evil influence on society.	Libertarian Gamers are the strongest supporters of access to gaming in bars and hotels generally and to slots, on a year round basis. They do not believe that there is too much gaming in Alberta or that there should be greater controls placed on access to VLTs. They do not feel gaming is evil or that it takes advantage of poorer Albertans. They do believe that gaming is a good way to raise revenues.

GENERAL LIFE ATTITUDES

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Life Attitudes	Members of this group do not enjoy taking chances and they think ahead to the future. They are not particularly extroverted and they believe people should be protected from engaging in activities that may be harmful to them.	While Detached Non-Gamers claim to be experimental, they feel things are changing too fast and do not feel in control of their lives. They also believe people should be able to do as they wish.	On average, Low-Stake Samplers are not into taking risks, they are not experimental, they plan for the future and they think things are changing too fast. They are also not very sociable.	While traditional gamblers like to work behind the scenes, they enjoy being part of a group. They believe things are changing too fast but they like to live for the moment and to beat the odds.	Thrill-Seeking Gamblers are very sociable. While they like to be noticed, they enjoy being part of a group and they pay attention to what others are doing. They like to experiment, take risks and beat the odds. They are comfortable with change.	Libertarian Gamers are somewhat more individualistic than Thrill-Seeking Gamblers. They don't need to be part of a group or pay attention to what others are doing. They believe people should be free to do as they wish even if it hurts them. Like Thrill-Seeking Gamblers, they enjoy a little risk and like to beat the odds. They live for the moment, like to experiment, and they are comfortable with change and new technology. They feel they are in control of their lives.

GAMING HABITS

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Gaming Habits	There is little gaming within this segment. The primary gaming is raffles and lottery tickets. Although 50% of this group has bought a lottery ticket in the past year, this is less than any other segment. Seventy percent of all Albertans bought a lottery ticket last year. Gaming Opponents are the second largest purchasers of raffle tickets (63%).	There is not a great deal of gaming within this group. They are less likely than the average to play all games, particularly those games that traditional gamblers play, such as lotteries, video lotteries and bingos. Of the lotteries that they do play Super 7 and Western 649 are near the top. Only Gaming Opponents play fewer games than Detached Non-Gamers.	Members of this group play many lottery tickets, instant tickets and raffles. They are the largest raffle ticket purchasers. Lottery tickets that they often buy are the Plus, Super 7, the Extra, Western 649 and Lotto 649. They indicate that these patterns will continue into the future.	Members of this group enjoy lotteries, instant tickets, break-opens, raffles, slots, video lotteries and bingo. This group purchases more lottery tickets, instant tickets and break opens than any other group. Lotteries they are particularly fond of are The Plus, Western 649 and Lotto 649. They indicate that they will also likely play the Plus and Super 7. This group plays more video lotteries and bingo than any other group. They indicate that this will continue into the future. As for slots, Conventional Gamblers are on a par with Thrill-Seeking Gamblers.	Members of this group enjoy sport select, sport betting, table games, slots, video lotteries and horse racing. They also enjoy instant tickets. This group plays more sport betting, sports select, table games and horse racing than any other group. They play as much slots as do Conventional Gamblers. They enjoy sports related games. Thrill-Seeking Gamblers indicate they will continue to play a great deal of sport select, sport pools, table games, slots and horse racing betting.	Members of this group play many games. However, there is no one game that this group plays more than any other group. One quarter of Libertarian Gamers enjoy sports pools and sport betting. Three quarters buy lottery tickets and almost a half buy instant tickets. Some Libertarian Gamers also play video lotteries, slots and casino table games. Members of this group indicate that they will continue to play video lotteries into the future.

NON-GAMING ACTIVITIES

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
VLT Habits	Of those Gaming Opponents that play VLTs, 29% say that their playing has decreased their spending on lottery tickets.	Detached Non-Gamers that play VLTs feel that their playing has had no effect on their spending on other games.	While the majority of VLT players claim to go to bars to both socialize and play, 30% of Low-Stake Samplers indicate they prefer to just play VLTs.	While less than a quarter of VLT players believe that VLTs have increased their gaming winnings, 42% of Conventional Gamblers believe VLTs have increased their gaming winnings.	While most VLT players feel that their playing has had no effect on their gaming spending, 60% of Thrill-Seeking Gamblers believe VLTs have increased their spending.	Libertarian Gamers that play VLTs feel that their playing has had no effect on their spending on other games.
Slot Machine Habits	There is very little slot playing within this group.	There is very little slot playing within this group.	Slots have not increased winnings or spending within Low-Stake Samplers	While only about 15% of all slot players feel that slot machines increase their overall gaming winnings, over 30% of Conventional Gamblers believe that slots have increased their gaming winnings.	While about a quarter of all slot players believe that slots have increased their total gaming spending, Almost 40% of Thrill-Seeking Gamblers feel slots have increased their spending.	While about 65% of all slot players prefer to just play slots when at a casino, over 80% of Libertarian Gamers prefer to just play slots.

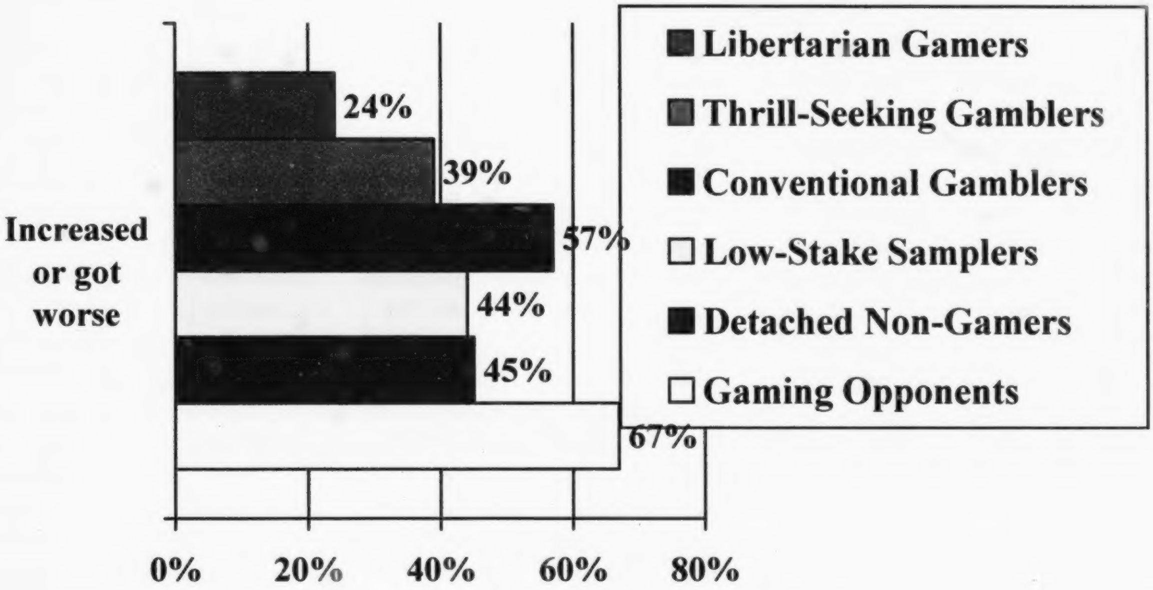
Non-Gaming Activities	Members of this segment are the most likely to attend live theatre and visit museums and galleries.	Members of this group participated about as often or less often than the average Albertan in any of the activities presented in this survey.	Members of this group go to more museums/ galleries and trade shows/ exhibitions than the average.	Many of the members of this segment like to go to pubs, taverns, night clubs and games parlours. They also attend trade shows/ exhibitions.	This is the most active group in terms of going out. They go out to many places and often. These places include movies, pubs, sports bars, taverns, night clubs, restaurants, private parties, sporting events and games parlours Although few people overall go to raves, more members (17%) of this group go to raves than any other segment.	Members of this group are not as active as the Thrill-Seeking Gamblers but they go out far more often than average. They often go to restaurants and a great many of them go to movies, pubs, sports bars, taverns, night clubs and game parlours.

PROBLEM GAMING ATTITUDES

	Gaming Opponents	Detached Non-Gamers	Low-Stakes Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Harmless Gaming vs. Hard Gambling	Gaming Opponents rated VLTs, internet gambling, local casino table games, slot machines and resort casinos as the hardest forms of gaming. The scores ranged from 6.34 out of 7 for VLTs to 5.89 for resort casinos. Members of this group rated all forms of gaming except Raffles as greater than 4.	The top forms of hard gambling for Detached Non-Gamers are internet gambling, VLTs, local casino games and slots. Scores for these five ranged from 5.30 to 4.68.	The top forms of hard gambling for Low-Stakes Samplers are internet gambling, VLTs, local casino table games, slots and resort casinos. Scores for these five ranged from 5.98 to 5.15.	The top forms of hard gambling for Conventional Gamblers are internet gambling, local casino games, VLTs, slots and horse race betting. For these five, the scores ranged from 5.72 to 4.95.	The top five forms of hard gambling for Thrill-Seeking Gamblers are VLTs, internet gambling, local casino table games, slots and resort casinos. Scores for these five ranged from 5.12 to 4.52.	Libertarian Gamers rated all forms of gaming as less than a 4 out of 7. Their top five are internet gambling, horse race betting, local casino games, slots and resort casinos. Scores for these five ranged from 3.19 to 2.54.

	Gaming Opponents	**Detached Non-Gamers**	**Low-Stake Samplers**	**Conventional Gamblers**	**Thrill-Seeking Gamblers**	**Libertarian Gamers**
Problem Gambling Attitudes	Almost 70% of Gaming Opponents believe problems associated with gambling have got worse in Alberta over the past year. When asked what form of gaming respondents identified with the term “problem gambling,” VLTs were the first mention for the majority of members of every group. For Gaming Opponents the second most frequent first mention was table games at a casino (16%). When asked about specific games, more members of this group agreed that each game was associated with problem gambling than any other group. Sixty-eight percent of Gaming Opponents agreed that lotteries are associated with problem gambling compared to 35% of all Albertans.	About 45% of Detached Non-Gamers believe problems associated with gambling have got worse over the past year. Like all segments except Libertarian Gamers, a majority of Detached Non-Gamers agreed that VLTs, table games, slots and horse race betting are associated with problem gambling. Other than VLTs, 16% of Detached Non-Gamers mentioned table games first as a form of gaming associated with problem gambling. Fourteen percent mentioned slots.	About 45% of Low-Stake Samplers believe problems associated with gambling have got worse over the past year. Low-Stake Samplers are as likely or less likely than Conventional Gamblers, to identify each form of gaming with problem gambling. As with all other groups (except Libertarian Gamers), a majority of Low-Stake Samplers agreed that VLTs, table games, slots and horse race betting are associated with problem gambling. As a game associated with problem gambling, the second most frequent first mention was table games at a casino (18%).	While Conventional Gamblers are strong gamers, over 50% of them believe problems associated with gambling in Alberta has got worse over the past year. Other than VLTs, about 16% of Conventional Gamblers mentioned slots first as a game associated with problem gambling. When all games mentioned are considered, VLTs, casino table games and slots come out on top. This is a consistent result for all segments. When questioned about specific games, all groups identified VLTs, table games, slots and horse track betting the most often. The difference between segments is less the order in which they place games along the gambling spectrum and more the degree of severity they place on these games.	Less than 40% of Thrill-Seeking Gamblers believe problems associated with gambling have got worse over the past year. Thrill-Seeking Gamblers are the second least likely to identify each form of gaming with problem gambling. Other than VLTs, 14% mentioned table games first as a form of gaming associated with problem gambling. Thirteen percent mentioned slots.	Less than 25% of Libertarian Gamers believe problems associated with gambling have got worse over the past year. Libertarian Gamers are the least likely to identify each form of gaming with problem gambling. Unlike any other segment, a majority disagreed that any form of gaming was associated with problem gambling with the exception of VLTs. Other than VLTs, 19% of Libertarian Gamers identified casino table games first as a game associated with problem gambling.

Over the Past Year, Do You Think Problems Associated With Gambling in Alberta Have...



For all segments, Video Lotteries were mentioned first by a majority of respondents as a form of gaming associated with "problem gambling."
Other than VLTs, games most often associated with problem gambling are table games, slots, horse race betting and internet gambling.
The difference between segments is not in the games associated with problem gaming but the extent to which they are seen as problematic.

GAMING ACCESS ATTITUDES

	Gaming Opponents	**Detached Non-Gamers**	**Low-Stake Samplers**	**Conventional Gamblers**	**Thrill-Seeking Gamblers**	**Libertarian Gamers**
Gaming Access Attitudes	Gaming Opponents would like every form of gaming to be reduced or to remain the same. They would like to see less access to internet gambling, table games at casinos, slot machines and VLTs. They would like access to sport betting, horse race betting, bingo, lotteries, break-opens, and raffles to remain the same. With the exception of raffles, even for those games, to which Gaming Opponents would like access to remain the same, at least 30% of them would like to see a reduction. This includes lotteries for which only 10% of all Albertans would like to see a reduction.	The attitudes of Detached Non-Gamers towards access to gaming is in line with that of the typical Albertan. That is, a clear majority would like to see no change in access to any gaming except for VLTs, internet gambling and slots. About 50% would like to see a reduction in access to the first two and over 35% would like to see a reduction in access to slots.	Like Conventional Gamblers, Low-Stake Samplers would like to see access to gaming remain the same with a few exceptions. About 20% would like to see a reduction in access to table games at casinos and about 30% would like to see a reduction in access to slots. Over 40% would like a reduction in access to VLTs and over 55% would like a reduction in access to internet gambling.	Conventional Gamblers would like to see access to gaming remain the same. There is a sizable minority that would like access to some games reduced. These games are raffles, slots, VLTs and the internet. About 20% of Conventional Gamblers would like to see less access to slots, about 30% would like to see less access to VLTs and raffles, and 45% would like to see less access to internet gambling.	Over 20% of Thrill-Seeking Gamblers would like to see an increase in access to horse race betting. Other than that, they would like to see access to gaming remain about the same. About 30% of this group would like to see a reduction in VLTs and internet gambling and 20% would like a reduction in access to bingos and slots.	Libertarian Gamers are the most supportive of access to gaming. With the exception of only two games, no more than 10% of Libertarian Gamers would like a reduction in any form of gaming. The exceptions are VLTs (20% of this group would like a reduction in access) and internet gambling (30% would like a reduction). Libertarian Gamers are the most likely to agree that people should have access to gaming in a bar, hotel or nightclub.

GAMING PROCEEDS-KNOWLEDGE AND ATTITUDES

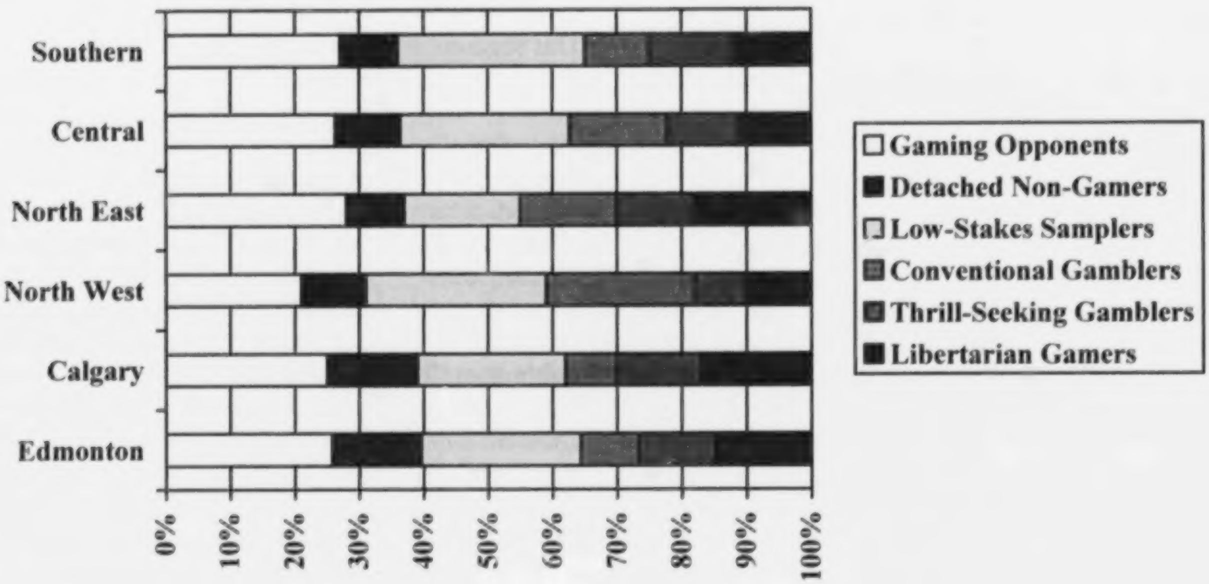
	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Perceived Knowledge of Gaming Proceeds	Gaming Opponents' perceived knowledge of gaming proceeds distribution matches that of the average Albertan. That is, they believe they are somewhat informed about the distribution of proceeds from Bingos, Lotteries and Raffles. They believe they are not informed on the distribution of proceeds from casinos, VLTs, horse races and slots.	Like Gaming Opponents, Detached Non-Gamers' perceived knowledge of gaming proceeds matches that of the average Albertan.	As with Gaming Opponents, Low-Stake Samplers' perceived knowledge of gaming proceeds matches that of the average Albertan. The only exception is that they feel a little better informed about Bingo proceeds than the average.	Conventional Gamblers stand out from the average in that they feel particularly uninformed about the distribution of casino and lottery proceeds.	Thrill-Seeking Gamblers feel more informed about casino, VLT, horse race and slot proceeds than the average. However like the average Albertan, they generally feel uninformed on these games.	Generally Libertarian Gamers feel less informed than other segments on the proceeds from a number of games. They do not feel informed about bingo or lottery proceeds. They generally feel informed about raffle proceeds but less informed than other segments. They also feel even less informed than others about slot proceeds.

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Gaming Proceeds Attitudes	For most forms of gaming, Gaming Opponents are less likely to agree that the proceeds go to a good cause. While all segments agree that the proceeds of bingos and lotteries go to a good cause, Gaming Opponents are less likely to agree. Just over 50% of them feel the proceeds from VLTs and casinos go to a good cause which again is less then the 65% of the general population that feel this way. They do not believe that the proceeds from slots go to a good cause, while the general consensus is that they do. Furthermore, while most Albertans do not feel the proceeds from horse race betting go to a good cause, Gaming Opponents feel particularly strongly on this point.	Detached Non-Gamers are generally in line with the feeling of the average Albertan on proceeds distribution. The majority feels that the proceeds from casinos, VLTS and slots go to a good cause. A clear majority feels that the proceeds from bingos, lotteries and raffles go to a good cause. They tend to disagree that the proceeds from horse race betting go to a good cause.	Like the Conventional Gamblers, Low-Stake Samplers are more likely than the average to feel that VLT proceeds go to a good cause. They are also fairly evenly split on the issue of horse race betting proceeds.	Conventional Gamblers stand out from the average Albertan in that they are even more likely to feel that the proceeds from VLTs and slots go to a good cause and they are less negative about horse race betting proceeds.	While not as negative about the distribution of gaming proceeds as Gaming Opponents, Thrill-Seeking Gamblers are less positive than the average on a number of games. They do feel that the proceeds from bingo go to a good cause but less so than any group except the Gaming Opponents. They are fairly evenly split on the issue of proceeds from slots and casinos, which is less than the general approval from most Albertans. Thrill-Seeking Gamblers are also the second most likely to disagree that horse race betting proceeds go to a good cause. Gaming Opponents are the first.	Libertarian Gamers generally agree that the proceeds from all forms of gaming go to a good cause. They are the only group that has this opinion about the proceeds from horse race betting.

DEMOGRAPHICS

	Gaming Opponents	**Detached Non-Gamers**	**Low-Stake Samplers**	**Conventional Gamblers**	**Thrill-Seeking Gamblers**	**Libertarian Gamers**
Demographics	Gaming Opponents comprise about one quarter of the population. This is the most educated segment with over 46% having completed a college or university degree. Sixty-one percent of Gaming Opponents are female.	The demographic composition of this group is also fairly typical of Albertans generally. Members of this group are more likely than any other segment to have seen little or no change in their income. They also tend to come from households with few children. There are proportionally more of them in Calgary and Edmonton than other groups	Low-Stake Samplers are older than average – more than 73% are over 35 – and most of them are married. They are of average income and education levels.	This segment is about two thirds female; proportionally fewer of them live in Calgary or Edmonton than any other segment; and more of them reside in central Alberta. They are less educated (less than 18% have a university or college degree) and they tend to have lower than average incomes. Less than 10% are employed professionals compared to 18% of the Alberta Population. Almost one quarter is in semi-skilled clerical or sales positions, again compared to 18% of the Alberta population.	This is the youngest segment with 46% of the members being under 25. This is reflected in the disproportionate number of them that are still students. Thrill-Seeking Gamblers as a whole tend to have relatively high incomes, particularly given their young age, and on average they have seen their income rise recently. The majority of them are single.	The demographic composition of this group is fairly close to that of all Albertans. The primary difference is that more of them are in full time employment than the average and therefore have above average incomes. Fifteen percent of them are in skilled craft professions, compare to 7% of the Alberta population.

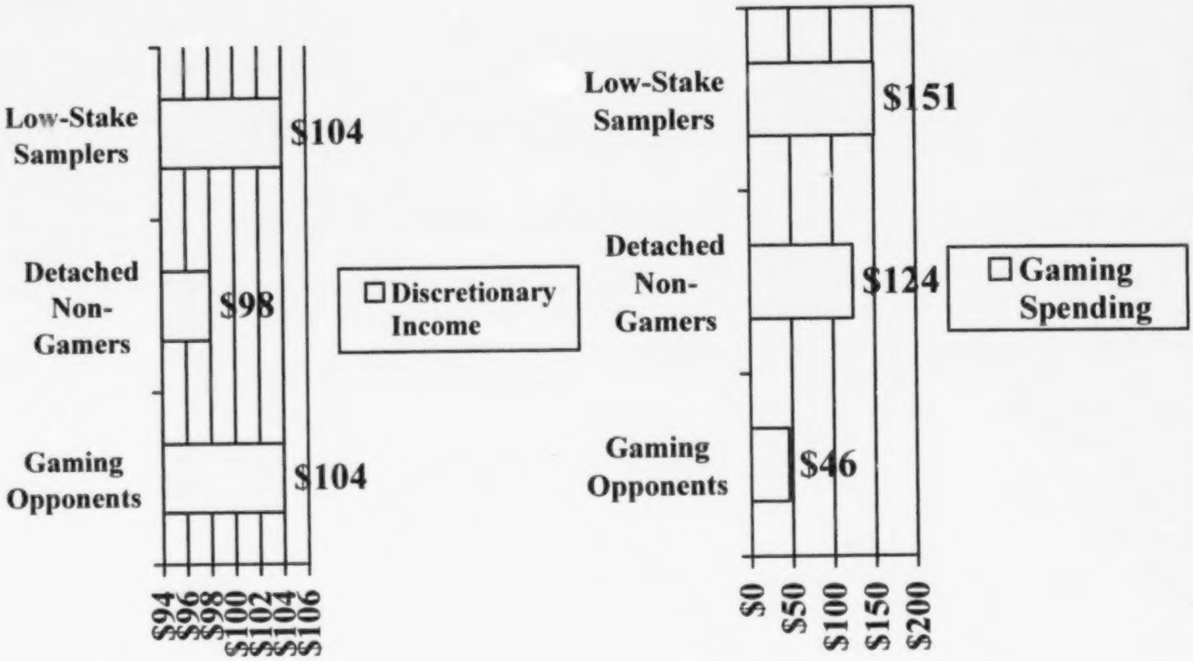
Demographics by Cluster, by Region slide

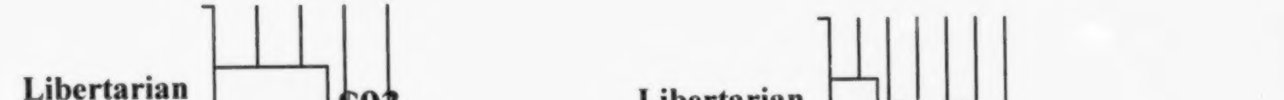


SPENDING PROFILE

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Spending Profile	Gaming Opponents, Low-Stake Samplers and Detached Non-Gamers have the most discretionary income by segment. However, the differences between groups overall are small. For every $100 in discretionary income that the average Albertan has, the average Gaming Opponent has $104. The difference in gaming spending is much larger. For every $100 the average Albertan spends on gaming, the average Gaming Opponent spends less than $50.	Detached Non-Gamers have about the same amount of discretionary income as Low-Stake Samplers and they spend a little less on gaming. For every $100 the average Albertan spends, the average Detached Non-Gamer spends $124.	Low-Stake Samplers have about the same amount of discretionary income as Gaming Opponents but they spend three times as much on gaming. For every $100 the average Albertan spends on gaming, the average Low-Stake Sampler spends $150.	Conventional Gamblers have the least discretionary income. For every $100 the average Albertan has, the average Conventional Gambler has less than $90. However, they spend the second greatest amount on gaming. For every $100 the average Albertan spends, the average Conventional Gamblers spends $244.	Of the three segments that participate in gaming the most, Thrill-Seeking Gamblers have the most discretionary income. Their discretionary income is about equivalent to that of the average Albertan. Their spending though, is almost 5 times that of the average Albertan. For every $100 the average Albertan spends, the average Thrill-Seeking Gambler spends $480.	Libertarian Gamers have slightly less discretionary income than Thrill-Seeking Gamblers, although the difference is small. For every $100 the average Albertan has, the average Thrill-Seeking Gambler has about $93. Libertarian Gamers spend less than Thrill-Seeking Gamblers or Conventional Gamblers but more than Low-Stake Samplers, Gaming Opponents or Detached Non-Gamers. For every $100 the average Albertan spends, the average Libertarian Gamer spends $162.

Spending Profile





PREFERRED VLT LOCATION

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Preferred VLT Location	Gaming Opponents would prefer to see video lotteries in resort or local casinos. Just over 50% of VLT players within this segment would also be happy to see them in a gaming room in a hotel. Those that do not play VLTs within this group would also be fine with VLTs being available in a location devoted to VLTs.	Over 60% percent of Detached Non-Gamer VLT players would like to see video lotteries made available in a location devoted to VLTs. There is no other location that a majority of the VLT players within this group would like to see video lotteries. Non-players would be willing to see them in a number of locations including casinos, a location devoted to VLTs and hotel gaming rooms.	Over 77% of Low-Stake Sampler VLT players would like video lotteries to remain in bars and lounges. Sixty-seven percent would like video lotteries to be available in a hotel gaming room. Again, non-players of VLTs within this segment would also be willing to see VLTs in any of these locations.	Eighty-eight *insert* percent of VLT players within the Conventional Gamblers segment would like video lotteries to be available in bars and lounges. Over 80% would also be happy to see them in a location devoted to video lotteries or in a gaming room in a hotel. Sixty-eight percent of Conventional Gambler VLT players would also like to see video lotteries in casinos. Non-players of VLTs within this segment would also be willing to see VLTs in any of these locations.	Like Conventional Gamblers, Thrill-Seeking Gambler VLT players would like video lotteries to remain in bars and lounges. They would also be happy to see them available in local or resort casinos, hotel gaming rooms and locations devoted to VLTs. Non-players of VLTs within this group would be willing to see VLTs in any of these locations.	Libertarian Gamer VLT players would like to see video lotteries remain in bars and lounges. They would also be happy to see them available in local casinos, hotel gaming rooms and locations devoted to VLTs. Non-players of VLTs within this group would be willing to see VLTs in any of these locations.

Those who play VLTs primarily want them in bars. Those who are opposed to VLTs primarily want them in casinos or eliminated. A majority of all groups would like them in casinos, hotel gaming rooms or a location devoted to VLTs.

Eighty per cent of the largest VLT playing group would like them in hotel gaming rooms or a location devoted to VLTs, 60% would like them in casinos.

Moving VLTs to a hotel gaming room or a location devoted to VLTs would reduce the risk of losing VLT players that is involved in moving VLTs to casinos.

POTENTIAL FOR A NEW CASINO

	Gaming Opponents	**Detached Non-Gamers**	**Low-Stake Samplers**	**Conventional Gamblers**	**Thrill-Seeking Gamblers**	**Libertarian Gamers**
Potential for a New Casino	Few Gaming Opponents play casino table games or slots. In fact, 50% of Gaming Opponents would like a reduction in access to table games and 60% would like a reduction in access to slots. Not only would Gaming Opponents not be interested in a new Casino, they would react negatively to it.	About 10% of Detached Non-Gamers play slots and very few of them play table games. They are quite negative towards access to casino games. Over ¼ would like a reduction in table games and over 1/3 would like a reduction in slots. While not as severe as that amongst Gaming Opponents, the reaction to a new casino from Detached Non-Gamers would be negative.	There is some slot playing amongst, Low-Stake Samplers and not much table game playing. Twenty percent of them would like a reduction in access to casino table games and 30% would like a reduction in access to slots. Again, there is not much call for a new casino within this group. It is not clear if Low-Stake Samplers would react negatively to a new casino.	One third of Conventional Gamblers play slots. They are on a par with Thrill Seeking Gamblers as the largest slot-playing segment. Despite this fact, over 20% would like to see a reduction in access to slots. Less than 10% would like an increase. This is due in part to concerns regarding the addictive nature of slots. Few Conventional Gamblers play table games. All in all there is not much of a call for a new casino within this group.	If there is room for a new casino, it is within this segment. One quarter of them play table games and 1/3 play slots. Almost 20% would like an increase in access to table games and almost 15% would like an increase in access to slots. These are not necessarily the same individuals. In fact a total of 25% of Thrill-Seeking Gamblers would like to see greater access to slots, table games or both. There is little to no opposition to a new casino within this group	About 10% of Libertarian Gamers play casino table games and 16% play slots. About 10% would like an increase in access to slots, table games or both. The call for a new casino within this group is not large but there isn't a significant opposition either.

There is no call for a new casino. Thrill-seeking Gamblers and Libertarian Gamers would be attracted to a new casino, while Low-stakes Samplers and Conventional Gamblers would not be interested in a new casino and some would even be opposed.
Many Detached Non-Gamers would be opposed, but this opposition would likely not result in any action. Gaming Opponents would be strongly opposed. Public reaction to a new casino would be noticeably, but not overwhelmingly, negative.

POTENTIAL FOR A HOTEL GAMING ROOM

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Potential of a Hotel Gaming Room	There is minimal support for any gaming to be available anywhere, but amongst those Gaming Opponents that play slots, over 50% would like to see them available in a hotel gaming room. Over 50% of non-players would also not object to them being in such a location.	Detached Non-Gamers are the least likely to want games available in a hotel gaming room. There is little gaming amongst this segment to start with and the attitudes of players and non-players alike is that gaming should not be overly intrusive. There is some interest in having keno, break-opens and break-opens from a dispensing machine being available in a hotel gaming room. However, the numbers within this group that are actually interested in these games are so low there is little validity to them.	Almost 70% of VLT players within this group would like VLTs available in hotel gaming rooms. About 55% of those that purchase break-opens and about 65% of those that participate in off-track horse race betting would like to do so in a hotel gaming room. Almost 60% of those interested in keno and almost 75% of those interested in purchasing break-opens from a dispensing machine would enjoy doing so in a hotel gaming room. In all of the above cases non-players showed equal or stronger support for these games being available in a hotel gaming room.	About 80% of VLT players within this group would like VLTs available in a hotel gaming room. About 55% of slot players would like slots in a hotel gaming room. About 70% of those that indicated they would play keno would like it available in such a location. The same applies to those that indicated they would purchase instant-tickets from a dispensing machine. In all of the above cases non-players showed equal or stronger support for these games being available in a hotel gaming room. About 80% of those interested in break-opens from a dispensing machine and 70% of those that are not interested, would be happy with these dispensing machines being in a hotel gaming room.	Over 75% of VLT players within this group would like VLTs to be available in hotel gaming rooms. Sixty percent of slot players feel the same about slots and 80% of break-open purchasers feel the same about break-opens. Of those interested in keno, 60% said they would be happy to see it made available in a hotel gaming room. Sixty-five percent of those interested in purchasing instant tickets from a dispensing machine and about 70% of those interested in purchasing break-opens from a dispensing machine would like those dispensing machines made available in hotel gaming rooms. Again, in all of the above cases non-players showed equal or stronger support for these games being available in a hotel gaming room.	About 70% of VLT players within this group would like VLTs to be available in hotel gaming rooms. The same percentage of those that purchase break-opens would like to be able to do so in a hotel gaming room. Also, 50% of those that purchase instant tickets would like to do so in such a location. Over 65% of those interested in playing keno, almost 60% of those interested in purchasing instant tickets from a dispensing machine, and 70% of those interested in purchasing break-opens from a dispensing machine would like to do so in a hotel gaming room. Once again, in all of the above cases non-players showed equal or stronger support for these games being available in a hotel gaming room.

There is demand for instant tickets and break-opens from either dispensing machines or some other form in hotel gaming rooms.
There is demand for Keno to be available in hotel gaming rooms.
Many would like VLTs in hotel gaming rooms while some would like slots in hotel gaming rooms.
There is little opposition to the above—the group most opposed is not Gaming Opponents, yet rather, the Detached Non-Gamers.
Public support for hotel gaming rooms is strong.

POTENTIAL TO EXPAND OR INCREASE GAMING

	Gaming Opponents	**Detached Non-Gamers**	**Low-Stake Samplers**	**Conventional Gamblers**	**Thrill-Seeking Gamblers**	**Libertarian Gamers**
Potential to Expand or Increase Gaming	Member of this group would like to see no change or a reduction in gaming in general. They are particularly in favour of a decrease in internet gambling, table games, slots, and video lotteries. They are not particularly opposed to lotteries or raffles.Greater controls on access to VLTs would please members of this group although they would rather VLTs not be accessible at all. Gaming Opponents are against gaming because of its negative social impact. Many are also morally opposed to gaming – “it is evil.” Thus, there is little room to expand gaming within this group.	Detached Non-Gamers are not fond of quick changes. While they feel people should do as they want and on the issue of gambling the majority believe it is up to the individual to control their own habits, fewer members of this group have this attitude towards gambling than any other group. There is very little gaming within this group and it is unlikely that it will increase. For the most part Detached Non-Gamers would rather not be bothered with gaming and any attempt to involve them may only be received negatively.	Low-Stake Samplers are supportive of the government using gaming to raise revenues. They are not, however, themselves interested in overly challenging or overly risky games. They are not particularly into gaming as a form of social activity. If gaming is going to be increased within this group it is most likely going to be in the number of lottery and instant tickets purchased. Only 20% said they would purchase an instant ticket from a dispensing machine, which is as low as any segment except the Gaming Opponents. While the majority of Low-Stake Samplers would like to see the availability of video lotteries remain the same, over 40% would like to see it reduced. Thirty percent would also like a reduction in access to slots.	Members of this segment would like to see greater availability of raffles and bingo. They are the mainstay for traditional Bingo, instant tickets and break-opens. Not surprisingly, they are the most likely to purchase an instant ticket from a dispensing machine (1/2 indicated an interest), a break-open from a dispensing machine (1/3 indicated an interest), or play computer bingo (1/3 indicated an interest). A third of Conventional Gamblers also indicated that they would be interested in playing Keno. There is some interest in the reduction of access to slots and VLTs, which members of this group play extensively. Thirty percent would like a reduction in VLTs and 20% would like a reduction in slots. However, less than 15% want a reduction in both.	Thrill-Seeking Gamblers are responsive to new types of gaming. Almost ½ said they would purchase an instant ticket from a dispensing machine; 1/3 said they would be interested in a TV lottery game show; and 1/3 said they would play Keno. Thrill-Seeking Gamblers will also definitely continue to play sports related games (including horse race betting), casino table games and slots. They have explicitly indicated a desire for an increase in access to horse race betting and they are unlikely to be opposed to an increase in table games or slots. There is a 30% contingent of Thrill-Seeking Gamblers that would like to see a reduction in VLT accessibility. There is also a 20% that would like a reduction in bingo - probably because of a lack of interest, not because they disapprove.	Libertarian Gamers enjoy sport related games and they buy lottery and instant tickets. There is some VLT, slot and casino game playing. They are not opposed to gaming in any way but they are less eager than Thrill-Seeking Gamblers. They are somewhat less likely to go out on the frequent basis that Thrill-Seeking Gamblers do and are less likely to be in search of new entertainment experiences. Libertarian Gamers are most likely to be interested in new forms of sport related games or lotteries. Also, over ¼ of them indicated an interest in buying an instant ticket from a dispensing machine.

GENERAL INFORMATION SOURCES

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Gaming Information Sources	Of those that have read or heard something about gaming in Alberta, half of them saw it in the newspaper – over 10% mentioned TV. This pattern holds true for all segments, with the number mentioning a newspaper varying between 46%-59% and those mentioning TV varying between 8%-21%. Newspapers and TV are also mentioned the most frequently when respondents are asked their primary source of information on gaming. Forty percent of Gaming Opponents mentioned newspapers as their primary source and 65% mentioned it as a source. Over 20% of Gaming Opponents mentioned TV as their primary source and 55% mentioned it as a source.	Over 40% percent of Detached Non-Gamers mentioned newspapers as their primary source and almost 70% mentioned it as a source. Less than 20% mentioned TV as their primary source and about 50% mentioned it as a source.	Almost 50% of Low-Stake Samplers mentioned newspapers as their primary source and 70% mentioned it as a source. Twenty-three percent mentioned TV as their primary source and 54% mentioned it as a source.	Conventional Gamblers are the least likely to mention newpapers as their primary source of information on gaming. Twenty percent mentioned newspapers as their primary source and 48% mentioned it as a source. Over 25% of Conventional Gamblers mentioned TV as their primary source and 52% mentioned it as a source.	Over 30% percent of Thrill-Seeking Gamblers mentioned newspapers as their primary source and over 60% mentioned it as a source. About 25% mentioned TV as their primary source and almost 50% mentioned it as a source.	Over 30% percent of Libertarian Gamers mentioned newspapers as their primary source and over 50% mentioned it as a source. About 25% mentioned TV as their primary source and about 40% mentioned it as a source.

COMMUNICATION STRATEGY

	Gaming Opponents	Detached Non-Gamers	Low-Stake Samplers	Conventional Gamblers	Thrill-Seeking Gamblers	Libertarian Gamers
Communication Strategy	Gaming Opponents are unlikely to be convinced by arguments regarding the right of the individual to gamble or the benefits of the proceeds of gaming. Gaming Opponents are the segment that agrees most strongly that more money should be spent to inform Albertans about where lottery proceeds go. It is probable though that this is with the hope that this knowledge will convince other not to gamble. For casinos, lotteries and raffles, Gaming Opponents do show an improvement in opinion on gaming proceeds with increased knowledge – but it is small. There is very little that AGLC can do to appeal to this segment.	This is the only segment that does not strongly or completely agree that more money should be spent to inform Albertans about where lottery proceeds go. Detached Non-Gamers are a difficult group to communicate with. While a majority agrees that it is up to the individual to control their own gaming, they believe this less than any other group. They might accept the argument that there are benefits from the distribution of gaming proceeds. However, given that they do not want to see money spent on communications from AGLC, too large a campaign would be poorly received. Furthermore, the relation between positive attitudes towards proceeds distribution and increased knowledge of distribution tends not to hold for Detached Non-Gamers	Low-Stake Samplers make up a quarter of the Alberta population. Since the opinions of Gaming Opponents (which also make up a quarter of the population) are unlikely to change, Low-Stake Samplers are an important group to communicate with. They have indicated that they are responsive both to the argument that the individual should be responsible for their own gaming habits and that the proceeds from gaming benefit society.	Conventional Gamblers have some concerns about the government's dependence on gaming revenues. They do not feel very informed about the distribution of casino and lottery proceeds. There are gains to be made in communicating the benefits of proceeds distribution to members of this group. A positive correlation between casino proceeds knowledge and attitudes exists within this group. While Conventional Gamblers support the argument that the individual should control their own gaming habits, there are fears within this group about the addictive nature of VLTs. Sixty-seven percent of them believe problems associated with gambling have got worse over the past year – mostly in connection to VLTs. Communicating with members of this group on this issue would also be advantageous.	Thrill-Seeking Gamblers are supportive of the right of the individual to control their own gaming. They are not, however, convinced that the proceeds go to a good cause. This is definitely a group that could be targeted for information on proceeds distribution. There is a strong correlation between increased knowledge of proceeds distribution and positive attitudes towards proceeds. This is particularly true for bingo proceeds, horse racing proceeds, raffle proceeds and slot machine proceeds. It does not hold for VLT proceeds.	Libertarian Gamers are more likely than any other group to believe gaming proceeds go to the government. Despite the fact that they are no more likely to identify the government as a desirable recipient of these proceeds, they have the most positive attitude towards proceeds distribution. They also claim the least knowledge of the distribution of gaming proceeds. This all points to the fact that Libertarian Gamers are not generally concerned about the distribution of proceeds. Their attitudes towards gaming are based more on the right of the individual to gamble and their own desire to gamble, than on perceived benefits or ills to society. This group is AGLC's strongest supporter. Targeting them may be like preaching to the converted.

III. CONCLUSIONS AND RECOMMENDATIONS

- The research clearly shows that increasing the cap on VLTs would be very negatively received by the majority of Albertans. Even if changes are made to VLT distribution, it is essential that these change are not perceived as increasing access in any way. It needs to be clearly perceived as a change of venue.
- There is a strong correlation between a positive attitude towards gaming and knowledge of proceeds distribution. The more informed people are about where their money goes, the more positive is their attitude towards gaming.
- General opinions about gaming have remained relatively unchanged since 1995. However, public perception towards VLTs has become significantly worse. A plebiscite held today may not produce significantly different results but opinions towards VLTs would definitely not have improved.
- Gaming opponents, at 26% of the sample population and Low Stakes Samplers,at 25%, are probably the segments with the highest proportion of adult Albertans comprising just over 50% of the adult population in Alberta. They are an important group to consider when making policy decisions.
- Gaming was cited as an important issue by only 1.3 % of adult Albertans surveyed and was 19th in order of issues mentioned. The three most frequently mentioned issues were healthcare, education and taxes.
- There is wide public support for moving VLTs to casinos. However, this move risks losing some VLT players. VLT s can be moved to hotel gaming rooms or a location devoted to VLTs—either of which would be a popular move with non-players and not opposed by players.
- There is no demand from the public for more casinos. On the other hand there would likely not be significant opposition to a new casino. Caution should be exercised in any initiatives in this direction.
- Players would prefer to keep VLTs in bars and lounges However, if VLTs were removed from bars and lounges and relocated to hotel gaming rooms or a specific VLT location the majority of players (71% and 72% respectively) would continue to play. Bingo halls are the least favoured location for VLT players to play VLTs.
- Only 4% of Albertans want increased access to both table games and slot machines. At least 28% of Albertans called for a reduction in all types of casino gaming in Alberta. Even among players of table games, there is little demand for increased availability. While 20% of table players want increased accessibility to table games, the same percentage of players would like to see a reduction in availability. Whereas only 11% of slot players want an increase in accessibility to slot machines, 21% would like to see a reduction in slot machine availability.
- New games such as Keno, instant tickets from vending machines and pull-tab vending machines could likely be introduced into hotel gaming rooms with little opposition. Although there is less support for these new products being introduced into locations devoted to VLTs there is still general overall support. Players would be unlikely to oppose these games being made available at these locations. In general, there is little opposition to introducing Keno or pull-tabs from a dispensing machine into any location However, only 12% and 9% of respondents (respectively) indicated they would play these games if they were made available.
- Pull-tickets have experienced the greatest decline in player participation rates—down by 12% since 1993.Bingo and VLTs have both experienced similar declines of 5% in participation rates. However, player expenditures in all areas have increased significantly.
- Internet gaming is considered to be a very dangerous activity and could certainly generate significant opposition from the majority of Albertans. This opposition would occur with or without media attention.
- In general there are no significant regional differences between the market segments. The most opposition to increasing the availability of gaming would come from Calgary, Edmonton and Southern Alberta. Those in

Central and NorthWest Alberta are potentially most in favour of increasing the availability of gaming. Northeastern Alberta is the most polarised region in the province on this issue. It is highly recommended that some form of local public consultation take place, even if only through surveys, before increasing the availability of gaming in the municipality.

- Nearly 70% of players indicated that the introduction of Slot Machines has had no effect on their gaming expenditures overall.
- Conventional Gamblers (12%) and Thrill-Seeking gamblers (12%) are probably the segments with the lowest proportion of adult Albertans. However, they comprise the majority of frequent players.
- Gaming Opponents (26%) are not likely to change their views towards gaming—regardless of the message—and would naturally oppose the addition of a new casino.

APPENDIX A: QUESTIONNAIRE

Region:

Calgary
Edmonton
North Alberta
Central Alberta
South Alberta

AGLC Questionnaire

Hello, this is __________ from ACCORD Research, the University of Calgary's market research company. Today we are conducting a survey with Albertans on different types of leisure activities.

Screening:

May I speak with someone in your household who is at least 18 years of age and who most recently celebrated a birthday?

(Repeat intro if necessary to new respondent)

1) Gender: (DO NOT ASK)

Male...1
Female..2

1b) Are you or is anyone in your household employed by any of the following?

A market research firm	Yes	No
The media	Yes	No
Advertising agency	Yes	No
The gaming industry	Yes	No

(If employed by any of the above, thank and terminate)

1c) Thinking of the issues facing people here in Alberta today, which one do you feel is the most important? (Probe) Are there any others that you feel are important? (Record up to 3 answers)
First Mention:

____

Others (up to two answers):

____

____

Section A: Play and Spending Behaviour

(Ask box 1, 2, 3, in order. Rotate items within each box)

2a) **In the past year have you bet or spent money on** (read list)
(If "NO" skip to next game)

b) **How many times in the past 4 weeks have you played or spent money on that activity?**
(If played in the past 4 weeks, ask Q2c)

c) **Approximately how much have you spent on** (Read games played) **in the last month?**
(If they say "nothing", ask for clarification of playing or how they played but did not spend any money)

d) (For Any type of lottery game, ask): **Would you like to see gaming activity made more or less widely available in Alberta, or would you like to see its availability remain the same?**

(For all other specific games, ask): **Would you like to see** (Insert game/activity) **made more or less widely available in Alberta, or would you like to see its availability remain the same?**
(ASK ONLY FOR THOSE THAT DO NOT HAVE X's IN QUESTION 2D)

	Q.2a PAST YEAR			Q.2b # TIMES PAST MONTH	Q.2c AMOUNT SPENT	Q.2d AVAILABILITY			
	Yes	No	DK/ NS			More	Same	Less	DK/ NS
Box 1: Any type of lottery ticket	1	2 SKIP TO BOX #2	9			1	2	3	9
Lotto 649	1	2	9		$	X	X	X	X
The Plus	1	2	9		$	X	X	X	X
Super 7	1	2	9		$	1	2	3	9
The Extra	1	2	9		$	1	2	3	9
Western 649	1	2	9		$	X	X	X	X
Pick Three	1	2	9		$	X	X	X	X
Sport Select (ProLine or Over/Under)	1	2	9		$	1	2	3	9
Instant Tickets (Scratch and Win)	1	2	9		$	1	2	3	9
Box 2: Break-opens, Pull-tabs or Nevada tickets	1	2	9		$	1	2	3	9
Sports or other kinds of betting pools with friends or co-workers	1	2	9		$	1	2	3	9
Raffles or fund raising tickets	1	2	9		$	1	2	3	9
Internet Gambling	1	2	9		$	1	2	3	9
Box 3: Table games at a local casino	1	2	9		$	1	2	3	9
Slot machines at a local casino	1	2	9		$	1	2	3	9
Gambling at a resort casino (such as Reno/Las Vegas)	1	2	9		$	1	2	3	9
Video lotteries (in licensed establishments)	1	2	9		$	1	2	3	9
Horse racing at a race track or at an off-track location	1	2	9		$	1	2	3	9
Bingo at a bingo hall	1	2	9		$	1	2	3	9

3) Thinking of the next four weeks, how likely are you yourself to play any of the following games? Would you say you will definitely play, probably play, probably not play, or definitely not play...

ROTATE?

	Definitely Play	Probably Play	Probably Not Play	Definitely Not Play	DK/ NS
Lotto 649	1	2	3	4	9
The Plus	1	2	3	4	9
Super 7	1	2	3	4	9
The Extra	1	2	3	4	9
Western 649	1	2	3	4	9
Pick 3	1	2	3	4	9
Sport Select	1	2	3	4	9
Instant Tickets	1	2	3	4	9
Video Lotteries	1	2	3	4	9
Sports or other event betting pools	1	2	3	4	9
Bingo in a bingo hall	1	2	3	4	9
Table games in local casino	1	2	3	4	9
Gambling at a resort casino	1	2	3	4	9
Slot machines in a local casino	1	2	3	4	9
Raffles or fund-raising tickets	1	2	3	4	9
Internet gambling	1	2	3	4	9
Break-opens, Pull-tabs or Nevada tickets	1	2	3	4	9
Horse race betting at a race track	1	2	3	4	9
Off track horse race betting	1	2	3	4	9

4) Would you be likely to play any of the following games or activities in the next year if they were made available?
(Read list, for each game/activity would play, ask rest of Q5)

ROTATE?

	Yes	No	DK/ NS
Instant (scratch and win) tickets from a dispensing machine	1	2	9
Break-opens (pull-tabs) from dispensing machine	1	2	9
TV lottery game show	1	2	9
A province-wide lottery game called Keno, drawing numbers every 5 minutes	1	2	9
Internet Gambling	1	2	9
Bingo played on a computer device in a bingo hall	1	2	9

ASK ONLY PLAYERS OF THE FOLLOWING GAMES (FROM Q2 and Q4)

5) Games and activities can be played in a number of different locations. Would you like to play (insert game) **at a** (Insert place— Rotate—Read all places for each game before asking next game)?

	Local Casino	Resort Casino	Bingo Hall	Bars and Lounge	Gaming Room in a Hotel	Location Devoted to VLTS	Native Casino on Reserve Land	Lottery Ticket Centres	Race Track
Video Lotteries								X	
Slot machine that dispenses coins								X	
Ticket lotteries									
Instant (scratch and win) tickets									
Instant (scratch and win) tickets from a dispensing machine									
A lottery game called Keno, drawing numbers every five minutes									
Break opens (pull tabs)									
Break opens (pull tabs) from a dispensing machine								X	
Sport Select									
Off track horse race betting								X	
Internet gambling								X	
Regular Bingo				X	X	X		X	
Bingo played on a computer device				X	X	X		X	

ASK ONLY THOSE WHO DO NOT PLAY GAMES (ALSO FROM Q2 and Q4)

5a.) Although you may not play the following games, in your opinion where do you think players should be able to play the following? Should they be able to play (game) **at a** (Insert place)—(Rotate—Read all places for each game before asking next game)? (ADD DK IF RESPONDENT DOESN'T KNOW)

	Local Casino	Resort Casino	Bingo Hall	Bars and Lounge	Gaming Room in a Hotel	Location Devoted to VLTS	Native Casino on Reserve Land	Lottery Ticket Centres	Race Track
Video Lotteries								X	
Slot machine that dispenses coins								X	
A province-wide lottery game called Keno, drawing numbers every five minutes									
Break opens (pull tabs) from a dispensing machine								X	
Bingo played on a computer device				X	X	X		X	

6) (Ask only if "Go to local or resort casino" Q2a) **When you go to a casino, which of the following games do you usually play?** (Read list, rotate) **Would that be definitely play, probably play, probably not play or definitely not play?**

	Definitely Play	Probably Play	Probably Not Play	Definitely Not Play
Video slot machine	1	2	3	9
Regular slot machines	1	2	3	9
Blackjack (including Let it ride, multi-action, Lucky 7s)	1	2	3	9
Roulette or wheel game	1	2	3	9
Craps	1	2	3	9
Mini-baccarat	1	2	3	9
Keno	1	2	3	9
Electronic horse race game	1	2	3	9
Baccarat	1	2	3	9
Pit poker (including Caribbean progressive games, played against dealer)	1	2	3	9
Room poker (including Texas holdem, 7 card stud, Omaha, dealer does not play)	1	2	3	9
Sports book	1	2	3	9
Other (specify) ______________________________	1	2	3	9

ASK ONLY THOSE WHO PLAYED VLTs IN THE LAST YEAR FROM Q2a. OTHERS SKIP TO QUESTION 10

7a.) **In general when you play video lotteries, how many consecutive minutes or hours do you usually play?**

__________minutes

__________hours

b.) **How much cash do you put into the machine** (that is, how much do you wager out of pocket, not including credits) **each time you play VLTs in a visit to a video lottery** (VLT) **establishment?**

$____________

8.) **How has the introduction of Video Lotteries affected** (Read list—rotate) **Would you say it has increased or decreased?** (READ LIST)

	Increased	Neither	Decrease	
	Unsure			
__**a)**Your overall winnings at gaming or gambling?	1	2	3	9
__**b)**The overall amount you spend gaming or gambling?	1	2	3	9
__**c)**The amount you spend on table casino games?	1	2	3	9
__**d)**The amount you spend on Break-opens (pull-tabs)?	1	2	3	9
__**e)**The amount you spend on bingo?	1	2	3	9
__**f)**The amount you spend at the race track?	1	2	3	9
(Always ask g and h last)				
__**g)**The amount you spend on Instant (scratch and win) Tickets?	1	2	3	9
__**h)**The amount you spend on lottery tickets?	1	2	3	9

9) **When you play video lotteries, do you prefer to** (Read list)?

Go to a licensed establishment primarily to play video lotteries?.........1
or
To socialize (drink, dance, visit) as well.........2
(No preference).........3
Unsure/DK).........9

ASK ONLY THOSE WHO PLAYED SLOTS IN THE LAST YEAR FROM Q2a. OTHERS SKIP TO QUESTION 11

10a.) In general when you play slot machines, how many consecutive minutes or hours do you usually play?

__________minutes

__________hours

10b.) How much cash do you put into the machine (that is, how much do you wager out of pocket, not including credits) **each time you play slot machines in a visit to a gaming establishment?**

$_____________

10c.) How has the introduction of Slot Machines affected… (Read list—rotate) **Would you say it has increased or decreased?** (READ LIST)

	Increased	Neither	Decrease	Unsure
a) Your overall winnings at gaming or gambling?	1	2	3	4
b) The overall amount you spend gaming or gambling?	1	2	3	4
c) The amount you spend on table casino games?	1	2	3	4
d) The amount you spend on Break-opens (pull-tabs)?	1	2	3	4
e) The amount you spend on bingo?	1	2	3	4
f) The amount you spend at the race track?	1	2	3	4
g) The amount you spend on Instant (scratch and win) Tickets?	1	2	3	4
h) The amount you spend on VLTs?	1	2	3	4
i) the amount you spend on lottery tickets?	1	2	3	4

(Always ask g, h and i last)

10d.) When you play slot machines at a casino, do you prefer to (Read list—rotate sections)?

Just play slot machines?……...1
or
Play slot machines and table games…....................................2
(No preference)……………………………………………………...3
Unsure/DK)…………………………………………………………9

SECTION C: KNOWLEDGE LEVELS
ASK EVERYONE

11) Who do you think is responsible for operating (Read list, rotate, record exact response)

__**a)**Regular lottery games like Lotto 649 ________________________________
__**b)**Video lotteries ________________________________
__**c)**Local Casinos ________________________________
__**d)**Bingo Halls ________________________________
__**e)**Race Tracks ________________________________
__**f)**Slot Machines ________________________________

11a.) Who do you think *should* be responsible for operating…

__**a)**Regular lottery games like Lotto 649 ________________________________
__**b)**Video lotteries ________________________________
__**c)**Local Casinos ________________________________
__**d)**Bingo Halls ________________________________
__**e)**Race Tracks ________________________________
__**f)**Slot Machines ________________________________
__**g)**Internet gambling ________________________________

12) **How well informed do you feel you are about...?** (Read list, rotate) **Would you say that you are very well informed, somewhat informed, not very well informed, or not at all informed?**

	Very well Informed	Somewhat Informed	Not very well Informed	Not informed at all	DK/ NS
__a)How to play Sports Select?	1	2	3	4	9
__b)How to play Video Lotteries?	1	2	3	4	9
__c)Where to play video lotteries?	1	2	3	4	9
__d)How to play 5 minute Keno?	1	2	3	4	9
__e)How to play regular bingo?	1	2	3	4	9
__f)How to play electronic bingo?	1	2	3	4	9
__g)How to play Casino table games?	1	2	3	4	9
__h)How to bet on horse racing?	1	2	3	4	9
__i)How to play coin dispensing slot machines?	1	2	3	4	9
__j)Internet gambling?	1	2	3	4	9
__k)Where to purchase break-opens(pull-tabs)?	1	2	3	4	9

13a.) **How well informed do you feel you are about where the proceeds** (profit after prizes and operating expenses) **from** (insert game) **go…Would you say you are very well informed, somewhat informed not very well informed of not at all informed?**

(For each game "very well," "somewhat" or "not very well" informed, ask 13b IMMEDIATELY)

b) Do you think the profits generated by (GAME), after distributing prizes and paying operating costs, go to a good cause or not?

	Q.13a					Q.13b		
	Very Well Informed	Somewhat Informed	Not Very Well Informed	Not Informed At All	DK/ NS	Yes Good Cause	No	DK/ NS
i) Bingo	1	2	3	4	9	1	2	9
ii) Casinos	1	2	3	4	9	1	2	9
iii) Lotteries	1	2	3	4	9	1	2	9
iv) Video Lotteries	1	2	3	4	9	1	2	9
v) Horse races	1	2	3	4	9	1	2	9
vi) Raffles	1	2	3	4	9	1	2	9
vii) Slot machines	1	2	3	4	9	1	2	9

14a) **Can you recall hearing, seeing or reading anything recently about where gaming proceeds went?** (Note: Proceeds are the profits made by gaming)

Yes……………………1-----> **Go to 14c**
No……………………2-----> **Go to 14b**
DK/NS…………………9-----> **Go to 14b**

IF YES TO Q14A

14c) **Did that make you feel positive or negative about…**

	Positive	Negative	Neither	DK/NS
i) The Alberta Gaming and Liquor Commission	1	2	3	9
ii) The Alberta Government	1	2	3	9
iii) Spending money on lotteries	1	2	3	9

ASK EVERYONE

b) **Where do you think gaming proceeds go?** (DO NOT READ LIST: CHECK ALL MENTIONS)

Sports and Recreation	01
Community Organizations	02
Government	03
Health Care	04
Arts and Culture	05
Charities	06
Education and Schools	07
Community Facility Enhancement	08
Other (Specify)____________________	98
DK/NS	99

14d) **Where would you like the proceeds from gaming to go?** (DO NOT READ LIST: CHECK ALL MENTIONS)

Sports and Recreation	01
Community Organizations	02
Government	03
Health Care	04
Arts and Culture	05
Charities	06
Education and Schools	07
Community Enhancement	08
Other (SpecifyBelow)	
DK/NS	99

SECTION D: GENERAL GAMING ATTITUDES

15.1) **Now I would like to read you a list of statements which could be made about lotteries and gaming in Alberta. And by gaming I mean going to bingo, to a casino, to the race track, playing video lotteries, or other similar activities. Please tell me how you feel about each statement on a scale of "1" to "7" where "1" means you disagree totally with the statement and "7" means you agree completely with it. Remember, you can give any number between "1" and "7".** (Read list, rotate)

Totally Strongly Somewhat Agree Somewhat Strongly Completely
DK/
Disagree Disagree Disagree Agree Agree Agree NS

a) Lotteries are a form
of gambling…………………… 1…………….. 2………… 3……………..
4……….. 5……………. 6………….. 7……….. 9

b) People should have
access to gaming in a bar,
hotel or nightclub…………… 1…………….. 2…………
3……………..4……….. 5……………. 6………….. 7……….. 9

c) Regular lotteries like
Lotto 649 are becoming
more popular………………… 1…………….. 2…………3…………… 4……….. 5…………….. 6………… 7……… 9

d) Gaming takes advantage
of poorer Albertans………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

e) Video lotteries are
becoming more popular……… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

f) Gaming is an evil
influence on society………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

g) People should be able
to play slot machines
year round in a casino……… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

h) There is too much
gaming in Alberta…………… 1…………… 2………… 3……………
4……… 5…………… 6………… 7……… 9

i) Video lotteries are more
addictive than regular
lottery games like Lotto 649… 1…………… 2………… 3……………
4……… 5…………… 6………… 7……… 9

j) Lotteries are operated
fairly and honestly………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

k) More controls should be
placed on where and when
people can play
video lotteries……………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

l) Governments are dependent
on lotteries as a source
of revenue…………………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

m) Increased access to gaming
and gambling will create more
problems than it is worth
in Alberta…………………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

n) Lotteries are a good way
to raise revenue because
only the willing pay……… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

o) More money should be spent
to inform Albertans about
where the lottery proceeds go.. 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

p) It is up to each individual
to control their own
gambling…………………… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

ALWAYS ASK Q LAST

q) Video lotteries are more
addictive than slot machines… 1…………… 2………… 3…………… 4……… 5…………… 6………… 7……… 9

16) **Imagine you were going to design your ideal gaming facility. I'm going to read you a list of features that could be part of that ideal facility. Using a scale of 1 to 7, where "1" means extremely appealing and "7" means not at all appealing, please tell me how appealing each of these features would be to you.** (Rotate)

	Extremely Appealing						Not At All Appealing	DK/ NS
Theme décor	1	2	3	4	5	6	7	9
Modern furnishings and equipment	1	2	3	4	5	6	7	9
Spacious surroundings	1	2	3	4	5	6	7	9
Intimate atmosphere	1	2	3	4	5	6	7	9
Live entertainment	1	2	3	4	5	6	7	9

Fast food service	1	2	3	4	5	6	7	9
Seated dining	1	2	3	4	5	6	7	9
Liquor service	1	2	3	4	5	6	7	9
Security	1	2	3	4	5	6	7	9
Clean, modern environment	1	2	3	4	5	6	7	9
Convenient parking	1	2	3	4	5	6	7	9
Non-smoking sections	1	2	3	4	5	6	7	9
Easily identifiable staff	1	2	3	4	5	6	7	9

17) **Now I am going to read to you a list of different games and gambling activities and I'd like you to tell me whether you personally think each one is harmless entertainment or hard gambling. On a scale from 1 to 7 where 1 is harmless entertainment and 7 is hard gambling, how would you rate** (Read list, rotate)

	Harmless Entertainment				Hard Gambling			DK/ NS
a) Raffles	1	2	3	4	5	6	7	9
b) Pull tabs	1	2	3	4	5	6	7	9
c) Instant tickets	1	2	3	4	5	6	7	9
d) Regular Bingos	1	2	3	4	5	6	7	9
e) 5 minute Keno	1	2	3	4	5	6	7	9
f) Video lotteries	1	2	3	4	5	6	7	9
g) Horse Race Betting	1	2	3	4	5	6	7	9
h) Local Casino table games	1	2	3	4	5	6	7	9
i) Resort Casinos	1	2	3	4	5	6	7	9
j) Lotteries like Lotto 649	1	2	3	4	5	6	7	9
k) Sport Select (Proline, Over/Under)	1	2	3	4	5	6	7	9
l) Coin dispensing slot machines	1	2	3	4	5	6	7	9
m) Internet gambling	1	2	3	4	5	6	7	9
n) Bingo played on a computer device in a bingo hall	1	2	3	4	5	6	7	9

SECTION E: PERCEPTIONS OF THE EXTENT OF GAMBLING PROBLEMS
ASK EVERYONE

18) **One of the issues that I would like to talk with you about concerns gambling problems here in Alberta. When you hear the words "problem gambling" what kind of gambling comes to mind first? Can you think of anything else?**

Other Mention

	First Mention	All
Casino table games		1
Video lotteries	2	2
Horse racing	3	3
Bingos	4	4
Addictive/compulsive gambling	5	5
Card games (all mentions)	6	6
Slot machines	7	7
Regular lottery games	8	8
Internet gambling	9	9
Other (specify)________	98	98
DK/NS		99

19) **Next I am going to read you a list of gambling activities, and for each I would like you to tell me if you think that activity either causes or is associated with any problems in Alberta.** (Read list, rotate)

		Yes	No	DK/NS
__i)	Regular lottery games	1	2	9
__ii)	Horse track betting	1	2	9
__iii)	Casino table games	1	2	9
__iv)	Bingos	1	2	9
__v)	Video lotteries	1	2	9
__vi)	Break opens (pull tabs)	1	2	9
__vii)	Slot machines	1	2	9
__viii)	Internet gambling	1	2	9

20) **Over the past year do you think problems associated with gambling in Alberta have:**

Increased or got worse	1
Stayed the same	2
Decreased or got better	3
DK/NS	9

SECTON F: PSYCHOGRAPHICS
ASK EVERYONE

21) **Here are some general descriptions of how different people approach life. Each statement describes an approach to life. Please tell me how you feel about each statement on a scale from 1 to 7, where 1 means you disagree totally and 7 means you agree completely.**

ROTATE EXCEPT, ALWAYS ASK P LAST

	Disagree Totally					Ag Complet	
a) I pay close attention to what successful people are doing	1	2	3	4	5	6	
b) I enjoy introducing a small element of danger into my life	1	2	3	4	5	6	
c) I am more experimental than traditional	1	2	3	4	5	6	
d) It's very important to me to feel I am part of a group	1	2	3	4	5	6	
e) Life should be enjoyed as much as possible today without worrying about the future	1	2	3	4	5	6	
f) Most nights of the week I am out at a social event of some sort	1	2	3	4	5	6	
g) I like to win, and enjoy the feeling that I have beaten the rest of the world	1	2	3	4	5	6	
h) I enjoy a challenge, pitting myself against the odds	1	2	3	4	5	6	
i) I prefer to work quietly behind the scenes without causing waves	1	2	3	4	5	6	
j) People should have the right to do what they want to do, even if it could hurt them	1	2	3	4	5	6	
k) Everything is changing too fast today	1	2	3	4	5	6	
l) I feel very comfortable with technology such as computers, instant banking machines or video games	1	2	3	4	5	6	
m) Whether or not you make it in life is mostly determined by luck	1	2	3	4	5	6	
n) It's more important to understand my inner self than it is to be rich and powerful	1	2	3	4	5	6	
o) I often feel left out of decisions that affect me	1	2	3	4	5	6	
p) I think I would, or do, enjoy trading stocks on the internet.	1	2	3	4	5	6	

SECTION G: Other questions
ASK EVERYONE

22) **What is your primary source of information (if any) about gaming** (DO NOT READ LIST, RECORD FIRST AND ALL OTHER MENTIONS)?

	First	Other
1) TV	____	____
2) Newspapers	____	____
3) Magazines	____	____
4) Word of Mouth	____	____
5) Luck Magazine	____	____
6) Ads/Brochures	____	____
7) Construction Site Signs (Community facilities)	____	____
8) Festival Posters of Arts Events Programs	____	____
9) Other signs/banners at community events	____	____
98) Other________________________	____	____
97) None	____	____
99) DK/NS	____	____

23) **Now I am going to read you a list of different types of leisure activities. In the past year have you gone to a…** (Read list, Rotate)?

24) IF YES IN Q23, ASK: **How many times in the past month have you gone to a…**(Read list/Rotate)?

Q23 Q24(# of Times)

1) Movies ____

____

2) Live theatre ____

____

3) Live concert ____

____

4) Neighborhood pub ____

____

5) Sports bar ____

____

6) Tavern (with live entertainment) ____

____

7) Night club (with dancing) ____

____

8) Restaurants ____

____

9) Hall party ____

____

10) Rave ____

____

11) Private parties ____

____

12) Live sporting event ____

____

13) Games parlours (i.e. bowling alley, pool hall) ____

____

14) Museums/galleries ____

____

15) Exhibitions/trade shows ____

____

SECTION H: DEMOGRAPHICS
ASK EVERYONE

These final questions are for statistical purposes only.

25) **Into which of the following categories does your age fall:**

18 to 24 years	1
25 to 34	2
35 to 44	3
45 to 54	4
55 to 64	5
65 to 74	6
75 and older	7
Refused	9

26) **What is the highest level of schooling that you have obtained?**

Grade 8 or less	1
Some high school	2
Completed high school	3
Technical/vocational school above high school level	4
Some college or university	5
College or university degree/diploma	6
Post-graduate degree (master, doctoral or equivalent)	7
Refused	9

27a) What one category best describes your current marital status?

Single	1
Married or co-habitating	2
Divorced/widowed/separated	3
Refused	9

27b) Including yourself how many persons live in your household? __________

27c) And how many of these are under 18 years of age? __________

28a) What is your occupational status: Are you... (Read list)

Employed full time	01
Employed part time	02
Self employed full time	03
Self employed part time	04
a Student	05
a Homemaker	06
Unemployed	07
Unable to work	08
Other	98
DK/NS	99

28b) In two words what would you describe your occupation as? ______________________

28c) Has your household income increased, decreased or remained about the same in the past year?

Increased..1
Decreased...2
Remained the same...3

28d) Did you or anyone in your household become unemployed for a portion of or all of last year?

Yes...1
No..2
DK...9
Refused...96

29) Which of the following categories best describes your total personal annual income before taxes? (Read List)

Under $10,000	1

$10,000 to $19,999	2
$20,000 to $29,999	3
$30,000 to $39,999	4
$40,000 to $59,999	5
$60,000 to $79,999	6
$80, 000 and over	7
Refused	9

30) **Which of the following categories best describes the total annual income, before taxes, of all members of your household?** (Read list)

Under $25,000	1
$25,000 to $39,999	2
$40,000 to $59,999	3
$60,000 to $79,999	4
$80,000 to $99,999	5
$100,000 and over	6
Refused	9

31) **Have you made either of the following two major purchases in the past year?**

A new car	1
A new or larger home	2
Neither/No purchase	3
Refused	9

32) **Thinking of all the money that you spend on necessities (food, shelter, clothing, transportation, etc), if, after paying for all these necessities, you had $100 remaining, your disposable income, how much of this $100 would you spend on**

Casino $_____________
Lotteries $_____________
VLTs $_____________
Bingo $_____________
Horse Races $_____________

33) **After paying for all your necessities (food, shelter, clothing, transportation, etc) what percentage of your personal monthly income would you say is your disposable income—that is money you can use at your discretion?**

___________%

34) **How many years have you lived in Alberta?** (Enter 0 if less than 1 year) ____________years

35) **In what city/town/village/hamlet/municipal district do you live?** ____________________

36) **What are the first three digits of your postal code?** ___ ___ ___

37) **Could I please have your first name or initial in case my supervisor needs to verify that this interview was conducted appropriately?** _____________

Thank you, those are all the questions I have to ask you. I greatly appreciate your taking the time to complete this survey. Have a good afternoon/evening.

Interviewer comments:

APPENDIX B: CODING GUIDES

Q1c Thinking of the issues facing people here in Alberta today, which one do you feel is the most important?

01 Healthcare (Bill 11, Privatization, medicare, cutbacks, lack of dr.'s)
02 Nurses Strike
03 Taxes (including flat tax)
04 Old age Security
05 Education (funding and cutbacks)
06 Farming/Agricultural concerns
07 Housing (cost of)
08 Cost of Living (wages)
09 Employment
10 Environment (pollution, pesticides)
11 Government (general, provincial, responsiveness, leadership, lack of info, honesty, forcing bills through)
12 Economy
13 Business
14 Aging population/Senior Issues
15 Gaming/Gambling (bad, addictive, deteriorates society)
16 Price of Oil and Gas
17 Government Wasteful Spending
18 Gun Control.Registration
19 The Media
20 Social Services Issues (homelessness, poverty, welfare, disability)
21 Abortion
22 Childcare
23 E. Coli Scare
24 Federal Government
25 Young Offenders
26 The Debt
27 Substance Abuse (alcoholism, FAS, drinking and driving)
28 Cutbacks/ lack of funding
29 Transportation system
30 Alberta Alliance change
31 Opposed to Ralph Klein
32 Parks
33 The Family
34 Judicial System
35 Crime
36 Same-sex Marriage
37 Oil Industry
38 Animal Rights
39 World Petroleum Conference
40 The Election
41 Smoking Issues
42 Weather

43 First Nations Issues
44 Population Growth
45 Worker's Compensation Board
46 Youth Issues
47 Spiritual Issues
48 Provincial Professional Sports (Flames and Oilers)
49 Unions
50 High Utilities Cost

Question 14a (1): Where did you find out about where gaming proceeds went?

01 Newspapers Unspecified

02 Newspapers Specified
- Edmonton Journal (12)
- Calgary Sun (4)
- Calgary Herald (13)
- National Post (3)
- Drumheller Mail (2)
- North Shore Newspaper
- Stratford Standard
- Globe and Mail
- Edmonton Sun
- Lord Minister Booster
- Meridine Booster
- Sherwood Park News
- Fort Saskatchewan News
- Red Deer Advocate

03 Television

04 Radio

05 Friends, Word of mouth

06 Through Schools

07 Magazines
- Alberta Report
- Luck Magazine

08 Native Band

09 Through Charity or Gaming Agency

10 Government Report

11 Awareness of Dispute/Controversy

12 Flyers, Circulars, Mail, Pamphlets

13 Involvement (volunteer/employment) connected to gaming

14 Billboards

15 Through participation/attendance at gaming facility

16 Buying raffle/lottery tickets

17 Media Unspecified

18 Gambling Help Groups

19 Internet

Question 14b (c): Where do you think gaming proceeds go?
01 Sports and Recreation
02 Community Organizations
03 Government
04 Health Care
05 Arts and Culture
06 Charities
07 Education and Schools
08 Community Facility Enhancement
09 Owners, Organizers, Operators, Casinos
10 To Gaming Commissions, Organizations, Industry in General
11 Organized Crime, The Mob
12 "Into someone's pocket"
13 Winners, prize money
14 Natives, reserves
15 Gambling Addiction Organizations
16 To taxes
17 Grants, programs (unspecified)
18 Infrastructure, Roads
19 To the Debt
20 Social Services
21 To a good cause
22 Non-profit Organizations
23 Lottery Fund
24 Administration, Salaries
25 Politician's pockets, Corrupt politicians

Question 14d: Where would you like the proceeds from gaming to go?

01 Sports and Recreation
02 Community Organization
03 Government
04 Health Care
05 Arts and Culture
06 Charities
07 Education and Schools
08 Community Facility Enhancement
09 Children's/Youth Help and Programs
10 Poor, Needy, those on Welfare
11 Reducing Taxes
12 Gambling Addiction
13 Women's Shelters
14 Social Programs
15 Foreign Aid
16 NHL Teams
17
18 Lower Gasoline Costs
19 Infrastructure, Transportation, Roads
20 Winners, Prizes
21 Student Loans, Grants, Scholarships
22 Non-profit Organizations
23 Good Causes, Where it's the most needed
24 Owners (of gaming facilities, machines)
25 Low cost housing
26 The Disabled/Handicapped
27 Wants Gambling Eliminated
28 Environment, Wildlife
29 To people, the public, general problems, general social improvement
30 Seniors, Pensions
31 Alcohol/Drug Addiction
32 "To me", "in my pocket", "in my bank account"
33 SPCA
34 Debt/Deficit Reduction
35 Business incentives, Employment generation
36 Homeless (also shelters)
37 To the specific community or area where the gaming takes place
38 Camp for kids
39 Heart and Lung research/foundation
40 Cancer research/foundation
41 Other Health research (including diabetes)
42 Disabled Children, Sick Children, Children's Hospitals
43 Addictions Unspecified
44 Agriculture

45 No change to how distribution currently occurs
46 Food Banks
47 Ronald McDonald House
48 Victim Services
49 Research, Unspecified
50 Police
51 Churches
52 Family, Parents (including low income family health and dental)
53 Do not use proceeds for general revenue, standard and needed services
54 Playgrounds

Q22 What is the primary source of information about gaming?

13 Personal Experience
14 Media
15 Radio
16 Internet
17 Lottery booth /tickets
18 Community Involvement
19 Bars, restaurants and hotels
20 At Bingo Halls/Casinos
21 Gaming Commision
22 This phone call
23 Work
24 Adac/gamblers anonymous/ Anti-gambling social service
25 Books/reading about it
26 School

Question 37_6: Explanation for why total expenditure of potential $100 discretionary income on gambling does not equal $100.

01	**Opposed to gambling, Doesn't like**
02	Does not gamble or play any of the listed games
03	Sporadic/Occasional gambler, Rarely gambles
04	Light gambler, Not much of a gambler
05	Religious objection to gambling
06	Doesn't play all listed games
07	Has a gambling problem
09	Wouldn't spend all disposable income on gambling

10	Would spend on other leisure/entertainment
11	Would put money to better/other use, other priorities
12	On a low budget, Would spend on necessities
13	Would need more discretionary income to spend any on gaming
14	Would put money into savings/investments
15	Only/mainly buy lottery/scratch tickets
16	Only/mainly play VLTs
17	Only/mainly bet on horse races
18	Only/mainly bet at casinos
19	Only/mainly play bingo
21	Not enough time/limited access to gambling
22	No reason given for not spending all the money

CONSULTATION
REPORT

Alberta
Gaming and
Liquor Commission

ALBERTA GAMING
LICENSING POLICY REVIEW

STAKEHOLDER CONSULTATIONS
- FINAL REPORT -

Prepared by: Cameron Strategy Inc.
November, 2000

Prepared for: Alberta Gaming and Liquor Commission

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APPENDIX 35

1.0 AIMS AND OBJECTIVES

This report summarizes the findings from an extensive stakeholder consultation process conducted by Cameron Strategy Inc. on behalf of the Alberta Gaming and Liquor Commission. The overall aim of the research was to obtain the assistance and involvement of stakeholders in the licensing policy review process that was initiated in December 1999. A secondary aim was to create a process of systematic on-going and open consultation between the AGLC and various stakeholder groups.

Specific objectives set by the AGLC were to:

- Confirm or clarify positions that are already known among stakeholders.
- Obtain relevant and valuable new points of view in order to learn more about the priorities and perspectives of the stakeholder groups.
- To establish better relationships with stakeholders that will allow for a more pro-active on-going consultation process in the future.

This report aims to summarize the common themes that emerged from the series of consultations, identify the conflicting interests that may not be easily resolved, and outline the potential opportunities facing the Alberta Gaming and Liquor Commission in developing and implementing consistent policies. Current views expressed in this report are derived from extensive notes taken by the author throughout the individual consultations, augmented by quantitative telephone surveys.

2.0 BACKGROUND

2.1 THE LICENSING POLICY REVIEW

Gaming has experienced dramatic growth in many jurisdictions throughout Canada and the United States over the past decade. The province of Alberta is no exception. In fact, since 1991 net revenues derived from gaming have grown by over 300% in Alberta - from $235 million to more than $1 billion.

Given the level of growth which has been experienced in the gaming sector, and to ensure that any possible further expansion is balanced against the fiscal and social capacity of the province, the Minister of Gaming requested a review of gaming licensing policies in December 1999. A moratorium was placed on considering requests to license or approve new casinos, casino expansions or relocations, new games and new gaming environments while the licensing policy review was carried out.

The scope of the licensing policy review is to determine whether or not existing gaming licensing policies are current, comprehensive, clearly defined and specific. An earlier component of the licensing policy review conducted by Cameron Strategy involved a thorough literature review and analysis of gaming policy and procedures in Alberta and other jurisdictions.

2.2 STAKEHOLDER CONSULTATION METHODOLOGY

The stakeholder consultation process involved both qualitative and quantitative research. A series of facilitated discussions and executive meetings with 36 stakeholder groups throughout Alberta were conducted during the months of September and October 2000. (For a complete listing of the stakeholder groups consulted, please refer to Appendix 1.)

In addition to the qualitative feedback, quantitative surveys were also conducted. These surveys included conducting a representative telephone survey with 602 representatives of charitable organizations, drawn from the entire cross-section of charities in Alberta, based on size and location. The surveys were conducted in September 2000. A second telephone survey of 300 industry workers from bingos and casinos was conducted at the same time. Separate from this report, a public telephone survey of Albertans was conducted by Accord Research.

2.3 THE REPORT STRUCTURE

This report combines both qualitative and quantitative feedback. In order to present the findings in a clear and organized fashion, Cameron Strategy has attempted to segment various groups of stakeholders based upon commonalities in their approach to gaming issues and their relationship to the Alberta Gaming and Liquor Commission.

While Cameron Strategy took detailed notes of each consultation, an exact verbatim record was not kept in order to encourage frank and honest responses and facilitate a constructive two-way dialogue. The primary intent of the report is to highlight common themes, conflicting interests and potential opportunities for the AGLC to respond to stakeholder input as part of the licensing policy review process.

2.4 ISSUE ANALYSIS

Detailed findings from the stakeholder consultation process can be reviewed under seven major headings:

1. **Segmenting stakeholder groups according to common attitudes toward AGLC and levels of knowledge of the industry**; four distinct segments have been identified. (Section 4.0)

2. **Fund distribution**, which strikes to the heart of the debate over gaming in Alberta, including questions such as "where does the money go?" (which has been a common refrain for close to a decade). In delving into reaction toward current fund distribution, inevitably questions arise about the structure of gaming in Alberta, including how the Charitable Model is set up, and what should constitute charity eligibility. (Section 5.0)

3. **Managing growth**, including concerns about cannibalization of different products, the perceived responsiveness of the Ministry of Gaming to changes in what the public wants, and an assessment of how the AGLC is dealing with its fiscal and social responsibilities. (Section 6.0)

4. **Perceptions of problems**, including questions raised by many of the stakeholders about the extent to which a cost/benefit analysis can or should be conducted, what the priorities of the AGLC should be, and concerns about prevention and treatment. (Section 7.0)

5. **Consistency**, an issue raised constantly by the industry, in particular concerns about ensuring that a level playing field exists, resolving VLT distribution issues, and strengthening enforcement of existing policies. (Section 8.0)

6. **Integrity**, including a summary of why most stakeholders rated AGLC's performance highly in this regard, regardless of some of the operational irritants. (Section 9.0)

7. **Policy support**, which can be summarized by examining common themes which emerged across all stakeholder groups, conflicting interests, and the potential opportunities facing the Ministry of Gaming in responding to these common themes and conflicting interests. (Section 10.0)

3.0 SEGMENTING STAKEHOLDERS

3.1 BY SECTOR

Given the extensive breadth of the consultation process, there are many levels upon which the results can be analyzed. At the most general level, conclusions can be summarized by organization (i.e. segmented and analyzed based on the structure and nature of each stakeholder group that was consulted) or by issue (highlighting common and divergent views across stakeholder groups on the key topics identified as most important to resolve).

3.2 BY ROLE AND RELATIONSHIP TO AGLC

Stakeholders can be segmented into four groups based upon:

- Their role in the gaming industry.
- The tone of their relationship to the AGLC.
- What they seek to gain from the AGLC.

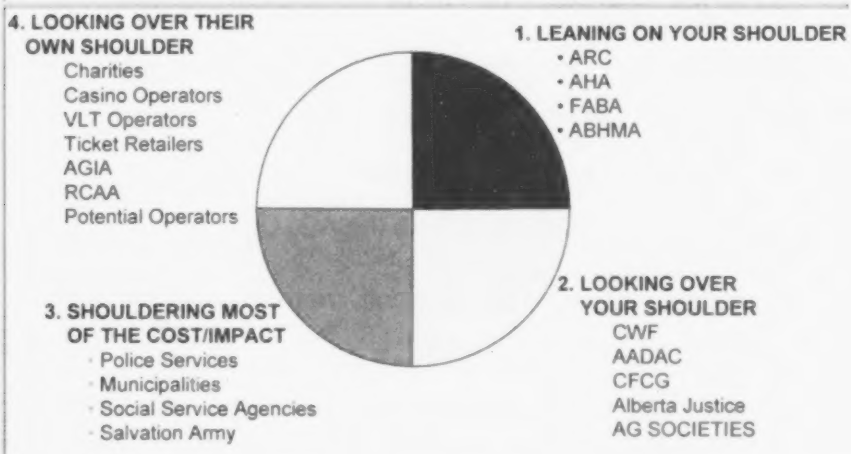
From most critical to most positive, they are described below:

A. Segment 1: Most Critical of AGLC

The most critical stakeholder groups that are LEANING ON AGLC's SHOULDER, are concerned about a variety of perceived problems resulting from changes in the industry. This segment includes the bingo industry, the Alberta Racing Corporation and the Alberta Hotel Association. Each organization, in its own way, views the changes that have occurred in the industry suspiciously, pointing to the introduction of newer products (such as first VLTs, then slots, now expanded casinos) to explain their own disappointing performance. As a result of the various ills they see afflicting them, their relationship with the AGLC is characterized by a high level of distrust and, in some cases, jurisdictional squabbling.

Attempts to work effectively with these organizations to satisfy their respective membership will be fraught with pitfalls, partially due to the fractured nature of their own organizations. Given the numerous competing interests within these organizations, it is not surprising that attempts to revitalize their industries sometimes get bogged down due to a lack of consensus about how to address changes in their shrinking component of the gaming sector.

Despite the negative tone of much of the communication between AGLC and these critical stakeholders, they do possess a high level of knowledge of the gaming industry in Alberta. They tend to try to use their understanding of changes in player patterns (such as the downward trend in spending on bingo and horse racing) to reiterate their contention that the AGLC should make special allowances to help them turn things around.



Segmenting Stakeholders Based on Role and Relationship with AGLC

4. LOOKING OVER THEIR OWN SHOULDER
Charities
Casino Operators
VLT Operators
Ticket Retailers
AGIA
RCAA
Potential Operators

1. LEANING ON YOUR SHOULDER
- ARC
- AHA
- FABA
- ABHMA

3. SHOULDERING MOST OF THE COST/IMPACT
- Police Services
- Municipalities
- Social Service Agencies
- Salvation Army

2. LOOKING OVER YOUR SHOULDER
CWF
AADAC
CFCG
Alberta Justice
AG SOCIETIES

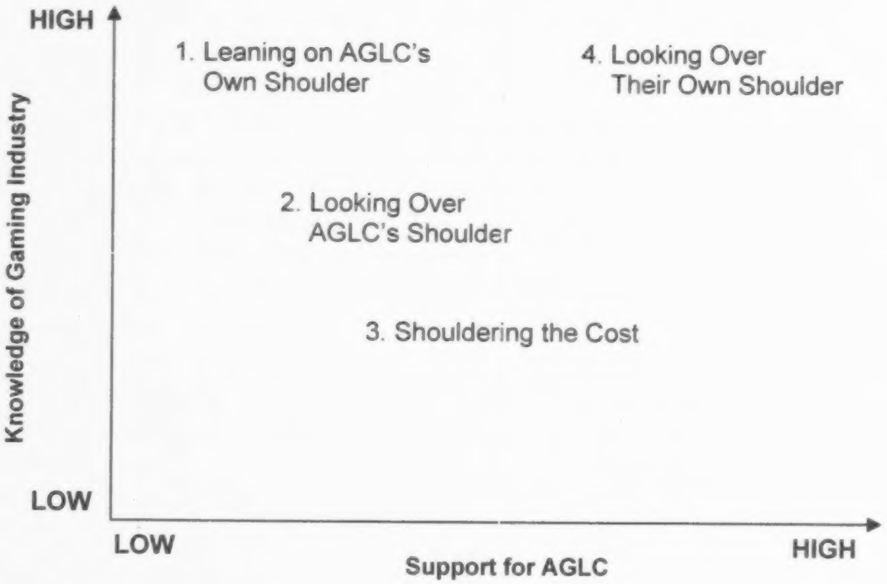
B. Segment 2: Fairly Critical of AGLC

Groups who are LOOKING OVER AGLC's SHOULDER include the Canada West Foundation, AADAC and, to some extent, the large Agricultural Societies and Exhibitions (in particular the Calgary Stampede and Northlands). These stakeholders are somewhat wary of AGLC's success in generating continually increasing gaming revenues. They also tend to believe they know as much, if not more, about the industry (or its negative impact) than the AGLC.

In the case of advocacy groups, this wariness about the looming negative impact of gaming expansion is not always voiced in harsh black and white terms. There is an acknowledgement that the AGLC has done a good job – so far – in balancing growth with a manageable amount of negative reaction. Nevertheless, they expect more to be done to accurately measure the full cost of gambling in Alberta and to mitigate its impact. Advocacy groups also point to the numerous variety of unanswered questions regarding the total impact of gambling on Alberta's society.

Stakeholders who are looking over AGLC's shoulder display a high level of knowledge about the origins of the industry (which Agricultural Societies take pride in launching). They also have a better than average recollection of where the revenues go.

Each of these organizations wants more recognition from the AGLC of their inherent rights and expertise, as well as (of course) a bigger slice of the gaming pie to devote to their projects. In the case of Agricultural Societies, perhaps the strongest case for acknowledging their special rights or privileges is the argument they can make for being the original backbone of the volunteer based Charitable Model in Alberta. On the other hand, groups such as Canada West Foundation and AADAC would readily accept playing the role of informed "social conscience" of the AGLC. The common thread among these divergent groups is their desire to have AGLC respect and acknowledge their independence, while still providing significant support through the Lottery Fund.


HIGH
Knowledge of Gaming Industry
LOW
1. Leaning on AGLC's Own Shoulder
4. Looking Over Their Own Shoulder
2. Looking Over AGLC's Shoulder
3. Shouldering the Cost
LOW
Support for AGLC
HIGH

C. Segment 3: Fairly Supportive of AGLC

There is a third group of stakeholders who generally feel they are SHOULDERING MOST OF THE COST/IMPACT of AGLC's success. Included in this segment are various police services and some of the municipalities (in particular the social services directors at the municipal level). These stakeholders are not very well informed and have rarely (if at all) been consulted by AGLC in the past. This contrasts markedly with the high level of previous consultation and background knowledge of the groups looking over AGLC's shoulder.

Despite a general consensus among police services and most municipalities that they shoulder a great deal of the negative cost of gaming expansion, these stakeholders are not on the whole negative toward the AGLC. In fact, they were pleasantly surprised to have been consulted by the AGLC and they were genuinely interested in having an on-going dialogue. The main challenge for these groups is ensuring AGLC allocates sufficient resources (in time and money) to begin to address potential problems with crime, licensing / zoning approvals and administration.

Two examples are:

1. The acknowledgement by police services that they do not have enough staff to focus as closely as they should on matters related to gambling (which could be partially addressed by funding a joint forces agreement).
2. Inadequate (or non-existent) funding of the administrative expenses of the Community Lottery Board in Edmonton.

Although there was a definite undertone of moral concern about problem gambling in most of the police service and municipality discussions, these stakeholders accept it is the province's responsibility to determine gaming policy. They believe it is AGLC's responsibility to keep them (and the public they serve) better informed about where gaming revenues go, what problems are being caused, and what is being done to alleviate those problems.

D. Segment 4: Most Supportive of AGLC

The fourth and most supportive segment of stakeholders are LOOKING OVER THEIR OWN SHOULDERS at the fast changing gaming landscape and the shifting competitive environment. Included in this segment are casino operators, many VLT operators, the AGIA and most charities.

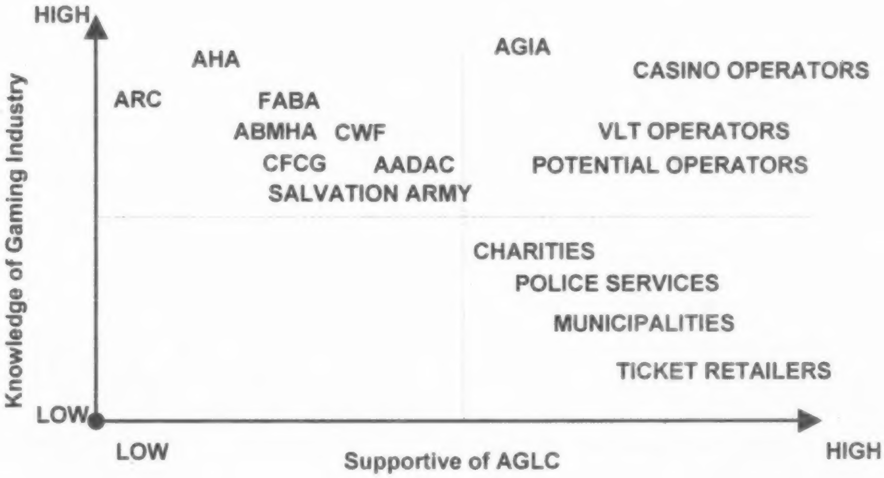
It is not surprising that these groups (who are the primary beneficiaries of increased gaming revenue) are generally supportive of AGLC's efforts to balance demands for growth and its responsibility for controlling that growth.

Most of the concerns they expressed center around consistency. They strongly believe the AGLC should develop consistent policies that can be applied "across the board". Many of these stakeholders note that AGLC has not always been consistent in developing and applying policies in the areas of VLT distribution, multiple VLT licenses and casino expansion, although they also overwhelmingly think it is best not to dwell on the past or focus on past injustices. Instead they look optimistically – yet slightly nervously – at the prospect of continued growth in consumer demand for gaming.

The reason they are looking over their own shoulders is that there are so many potential changes that could impact their businesses. Some casino operators and VLT retailers believe the gambling saturation point is close to being reached in Alberta and they use this argument as a rationale for supporting the VLT cap and carefully considering new casino development. The one common element across these stakeholders is the desire for a level playing field where everyone knows the rules.

Another way to examine the stakeholder groups is by level of knowledge and support for the AGLC. Assessing knowledge of the industry and levels of support for AGLC's efforts produces the following chart:

Stakeholder Groups by Knowledge and Support for AGLC



4.0 FUND DISTRIBUTION

4.1 WHERE THE MONEY GOES

Concerns about fund distribution have been identified in numerous public opinion polls and research documents throughout the 1990s. Those concerns, which are also evident in the stakeholder consultations, can be expressed in three questions:

1. Where does the money go? (i.e. does it go to general revenues or directly to charities?)

2. How are the funds distributed? (i.e. who makes the ultimate decisions on prioritizing recipients?)

3. How much money is generated by gaming in Alberta?

Recent public opinion research indicates that only a small minority of Albertans can accurately recall where the money goes. Nevertheless, most people in the province desire more information about fund distribution, and would even support the use of public funds to inform Albertans about where the money goes. (see Accord Research for AGLC, June 2000).

Although awareness of fund distribution is higher among stakeholder groups than the general public, the levels of knowledge about fund distribution vary widely by stakeholder segment.

Stakeholder groups which have the highest level of knowledge about fund distribution include:

- Groups that are leaning on AGLC's shoulder, such as the Alberta Racing Corporation, FABA, and the Alberta Hotel Association.
- Stakeholders who are looking over their own shoulders, including casino and VLT operators, the AGIA, and most charitable organizations.

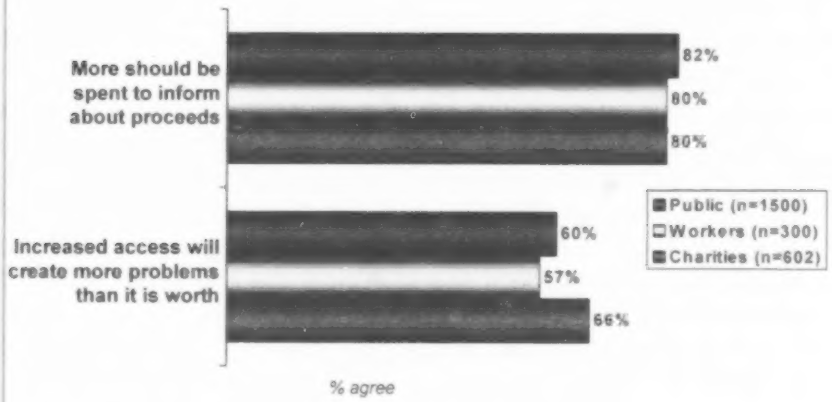
Not surprisingly, charitable organizations and most of the operators are fairly satisfied with the current method of fund distribution (in particular the recent move to establish community lottery boards to distribute some of the money from the Alberta Lottery Fund). Nevertheless, those groups which are most critical of the AGLC, such as the ARC, the AHA, FABA, and the ABHMA, are somewhat dissatisfied with the current structure of fund distribution in Alberta. In particular, they point to inconsistencies in the formulas by which revenues are derived and distributed. Some of these concerns strike to the core of what constitutes the Charitable Model in Alberta.

Despite the fairly high level of knowledge of some stakeholder groups about fund distribution, it is apparent that much more work needs to be done to educate even the key stakeholders in the province about fund distribution. For instance, many of the stakeholder groups which are looking over the shoulder of the AGLC (such as the Canada West Foundation, AADAC, and the Canadian Foundation for Compulsive Gambling) are not highly informed about where the money goes. In fact, one of these stakeholders was still under the impression lottery funds went to general revenues.

Stakeholder groups which are shouldering most of the costs, including police services and municipalities, have very little knowledge of where the money goes, and most of them are quite surprised at the size of the gaming pie. Once these groups are informed about the magnitude of gaming revenues, their concerns about under funding for their own efforts to deal with some of the negative fall out from gaming are exacerbated. For instance, upon hearing about the rate of growth in gaming revenues in Alberta, many police services felt that the AGLC or the Ministry of Gaming should be setting aside funding to deal with joint forces operations and other targeted initiatives. The same is true among municipalities (particularly the social service agencies in those municipalities) which feel that more dedicated funding from the Ministry of Gaming to deal with social problems stemming from gambling is warranted.

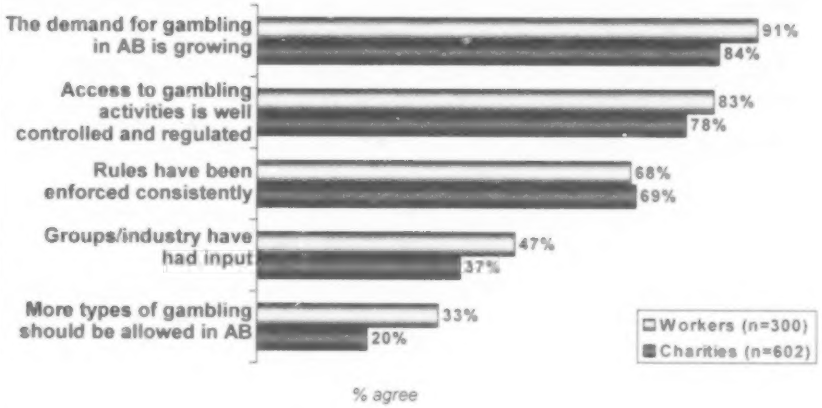
The desire to spend money to inform Albertans about fund distribution is universal. Not surprisingly, charitable organizations have concerns about allowing more types of gambling into Alberta (only 20% agreed that this should happen), and also tend to believe (more so than the public or industry) that increased access to gaming activities will create more problems in the province.

Attitudes to Gambling



Source AGLC Charitable Groups Survey

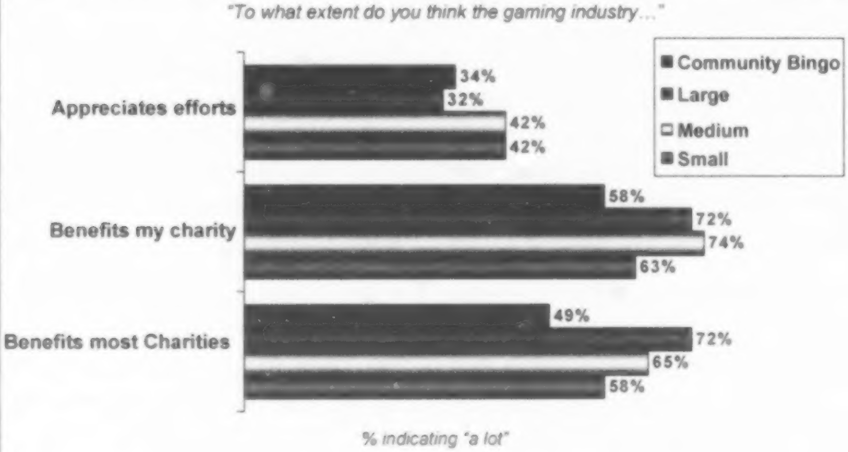
Contrasting Attitudes to Gambling



Source AGLC Charitable Groups Survey

While close to 40% of those in charitable organizations believe that the gaming industry appreciates their efforts, about 10% feel entirely unappreciated. Nevertheless, the majority of charities (65%) felt that the gaming industry was of benefit to their charitable organization, and close to 60% felt that the industry also benefited other charities.

Extent of Perceived Benefits/Appreciation of Charities by Industry



Source: AGLC Charitable Groups Survey

4.2 THE CHARITABLE MODEL

Although there is only minimal awareness of how the Charitable Model in Alberta differs from other jurisdictions, some of the principles underlying the model are widely supported. These include:

- Widespread, open access to charitable gaming revenues by charities and social groups throughout the province.
- A belief that the direct involvement of charities in the process helps to legitimize and add integrity to the collection of gaming revenues.
- The sense that Alberta has struck an appropriate balance between respecting private sector interests (by allowing - under certain rules and regulations - private sector companies to make a profit from gaming), while still ensuring that the bulk of revenues go to social or community causes (either directly to the charities involved or indirectly through the Alberta Lottery Fund).

Across almost all stakeholder groups, there was an acknowledgement that the Charitable Model in Alberta is preferable to having the government entirely running gaming (as in the case in Ontario) or the private sector running gaming (as is the case in some US jurisdictions). Cameron Strategy believes that one of the primary motivational factors underlying this support for the Charitable Model is the widespread belief of Albertans in the strength and vitality of volunteerism in the province.

The only small airing of discontent about the Charitable Model came from a few of the operators; VLT operators and, to some extent, the Alberta Hotel Association, believe that extending the Charitable Model to more visibly incorporate VLTs will be beneficial. Stakeholders associated with VLTs believe that by having revenues directly linked to charities (as is the case in terms of proceeds going to a charity running a casino), support for gaming increases. These groups believe that some of the opposition to VLTs could be reduced or blunted by allowing the public to see more directly the causes which are supported by generation of VLT revenues.

The only other minor suggestion of altering the Charitable Model in Alberta came from some casino operators who believe that in some instances having charities involved in the operations was simply "window dressing". A few people said they thought that the volunteers' energies could be better spent focusing on working for the good of the cause that they represent rather than running chips or counting money.

4.3 CHARITY ELIGIBILITY

Clearly defining which charities are eligible to receive funds from the Alberta Lottery Fund will be essential to ensure the long-term viability of the Charitable Model. Although charity eligibility did not emerge as one of the major topics of conversation among stakeholders, there are two issues which did surface consistently:

1. What causes qualify? Across numerous stakeholder groups there were anecdotal comments regarding the appropriateness of certain so called charity organizations in receiving funding. Many of these seemed to stem from situations where a charity that was established many years ago had outgrown or out-lived its direct cause (for instance the parents of a minor hockey team whose children had now grown up, but who still qualified as a charity and used the revenues for other purposes). There appears to be some sentiment among stakeholders that a review of charity eligibility is in order. Such a review would likely lead to a cleaning up or tightening up of some of the rules surrounding charity eligibility that have been in existence for many years.

2. Other questions raised (by groups working with social services or facilitating charities) centered around how the province can bring worthy causes which are now outside the Charitable Model into the revenue stream. Examples included women's shelters or homeless initiatives which may not have the organizational resources or experience to apply for funding, but which desperately need funding. Some stakeholders even noted the causes which are currently outside the Charitable Model (many of which are new) may in fact be more worthy than some of the more "marginal" charities now firmly ensconced in the system.

5.0 MANAGING GROWTH

Most stakeholders give full credit to the AGLC for effectively managing growth in gaming revenues over the past five years. Even among stakeholders advocating a reduction in gaming availability in the province, there is a grudging acceptance that the AGLC has done a good job at facilitating expansion with a minimum of public outcry. Nevertheless, each stakeholder group has specific concerns about growth management.

5.1 CANNIBALIZATION

The most contentious issue with respect to managing growth is product cannibalization. It is not surprising to find that the stakeholder groups which are most critical of AGLC (including the ARC and FABA), blame the organization for the extent of cannibalization which they believe has occurred to their products. This is not unique to Alberta; in other jurisdictions with which the author has had experience, such as Texas, Oregon and Ohio, consistent themes which emerged there and also in Alberta include:

- Growing resentment among bingo industry players about the declining player base and revenue streams. Most of this resentment is directed at the government authority responsible for regulating gaming, but video lotteries are typically singled out as the primary cause.
- Horse racing is in the same category; throughout North America (with only a handful of exceptions), the overall handle and size of purses have been declining consistently over the past decade. Much of the industry blames the expansion in video lotteries for cutting into their traditional player base.
- These concerns are driven by a belief that the introduction of VLTs and now slot machines as well as expanded casinos continues to hurt their products.

It is not the intent of this report to delve deeply into the market dynamics which have led to the decline of horse racing and bingo. Nevertheless, this decline (which is very clearly stated by FABA in its submission to the licensing policy review) plays a large role in driving the policies and positions of the most critical stakeholder groups.

One common refrain heard from both the FABA and ARC consultations was the perceived need for greater product differentiation. These organizations look to AGLC to help them differentiate their product. The premise is that horse racing and bingo could be helped by offering unique games or, in their words, responding better to the changing demands of players. One example is the SEGA horse racing game, one of numerous contentious issues raised by ARC. Specific issues of contention with respect to the SEGA horse racing games are:

- The revenue split with operators is thought to represent an unwarranted exception to general practices.
- Racing centres should have had an opportunity to have the machines exclusively as a point of differentiation from casinos and lounges.

5.2 RESPONSIVENESS

In order to manage growth effectively, the AGLC must balance the desire to be responsive to changing player tastes (used as a rationale for further expansion of gaming products), and the need to carefully monitor the social and fiscal capacity of the province (as part of the overall responsibility for managing gaming in Alberta). With respect to responsiveness, most stakeholders believe that the expansion in gaming products which has occurred in Alberta over the past five years is desired by players, as illustrated by the numbers of people flocking to new casinos, and the increasing amounts wagered on various types of gaming. Even stakeholder groups who focus on dealing with treatment and prevention of gambling problems admit that player demand for various types of gaming has increased.

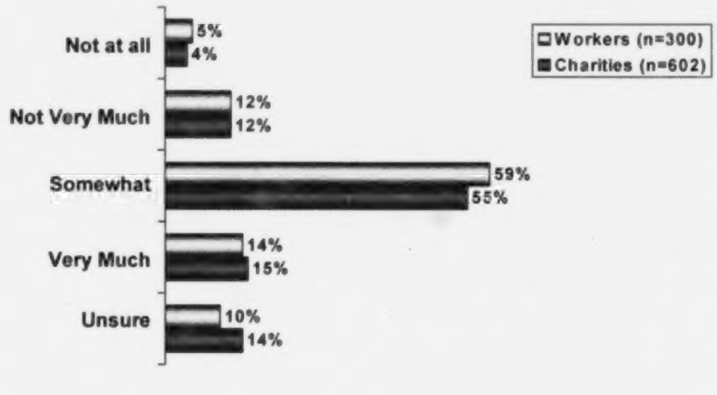
There is less consensus on the issue of where that growth is coming from. To address some of the criticisms of growth among the advocacy stakeholders it may be necessary to produce authoritative data on the profile of gamblers. If such a study indicated that the province is not simply generating more revenue from the same existing base of players, this data could defuse criticism.

There is considerable variation in the reaction to the licensing policy review process among stakeholder groups. Most of the advocacy groups which are looking over the AGLC's shoulder, such as the Canada West Foundation, AADAC, the Canadian Foundation for Compulsive Gambling, Northlands and Stampede, support the licensing policy review process. Other stakeholder groups are either unaware of the extent of consultation which has occurred previously, or are skeptical of the need for another review. In fact, many of the industry operators saw the licensing policy review process as a political stalling tactic which is necessary but not necessarily useful. On the other end of the spectrum, stakeholders such as police services and municipalities that have rarely, if ever, been consulted by the AGLC, welcome the review process and would like to institute a more regular system of consultation.

5.3 RULES AND REGULATIONS ON GAMING

The majority of industry workers and charitable organizations believe that the current rules and regulations on gaming in the province somewhat reflect the desires of Albertans. Even among those who thought it did not reflect Albertans' desires, nearly half of them could not indicate how the rules and regulations could be improved. One thing they do suggest, both from industry and charity, is the need for more public and industry input.

Extent Current Regulations Reflect Albertan's Desires



Source: AGLC Charitable Groups Survey

How Could the Rules and Regulations be Changed to Better Reflect Desires?

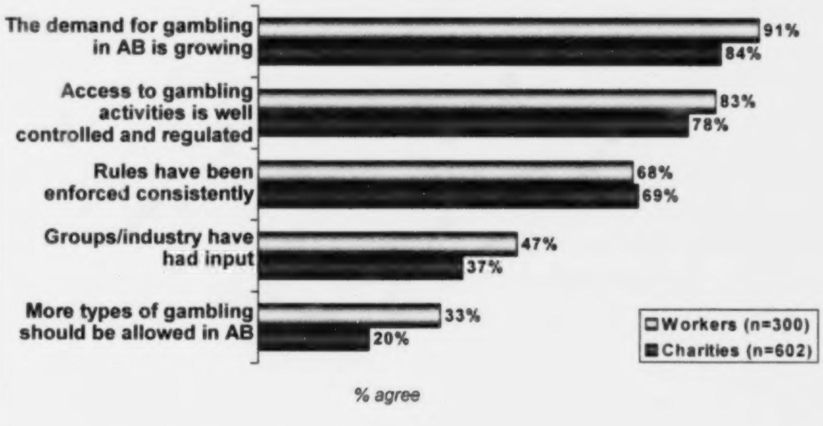
Industry

	(n=300) %
More Public/Industry input	16%
Cannot/should not be changed	4%
Look at payout structures	3%
Educate people about rules and regulations	2%
24 hour bingo halls and casinos	2%
Don't Know	48%

Charity

	(n=602) %
Surveys like this/more citizen input/focus groups	15%
More access to rules/clear information available	5%
Charitable groups should have more input	5%
Information on where money goes	4%
Don't Know	42%

Contrasting Attitudes to Gambling



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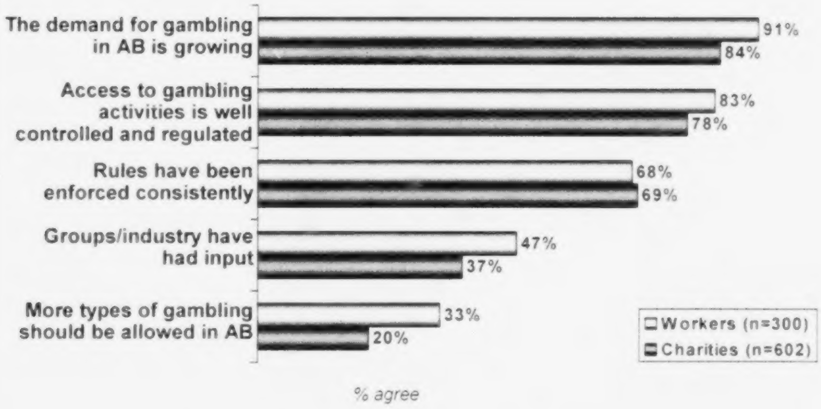
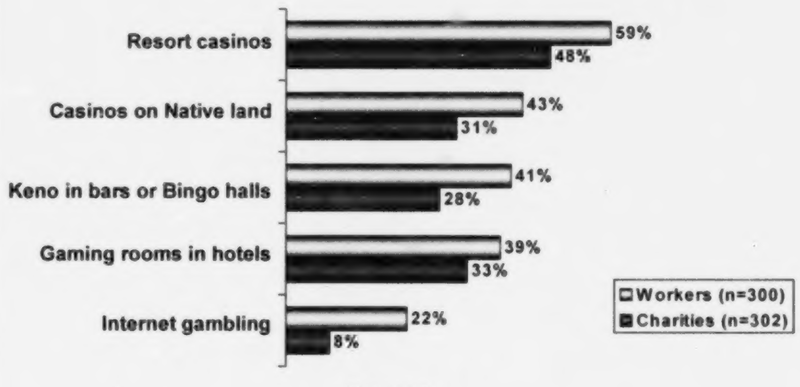


Source AGLC Charitable Groups Survey

Industry workers are also more in favour of allowing new types of gambling into the province than are charitable organizations. Industry workers indicated a considerable level of support for resort casinos (59% are in favour of this new form of gambling), and a moderate level of support for casinos on native land (43%), and Keno in bars or bingo halls (41%). The majority of respondents did not favour Internet gambling, although again industry workers were more positive towards this new form of gambling than were charities.

Extent of Support for New Forms of Gambling

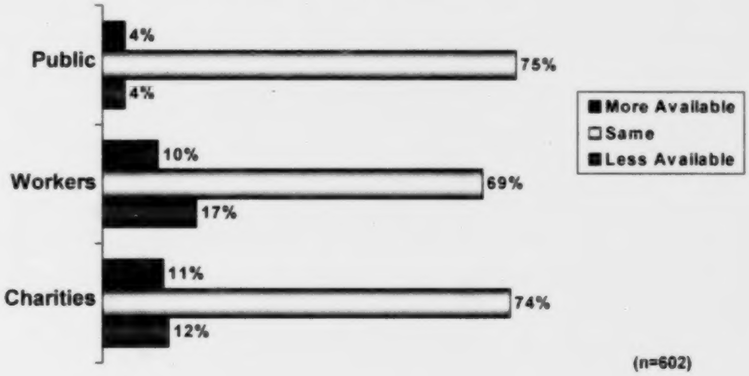


Source: AGLC Charitable Groups Survey

The majority of the public, industry and charitable organizations interviewed indicated that the availability of bingo in the province should remain at its current level. Consistent with the perceived harmful effects of VLTs, approximately 50% of the public, industry and charitable organizations felt VLTs should be less widely available in Alberta.

Gaming Support – Bingo

Do you think that Bingo should be made …

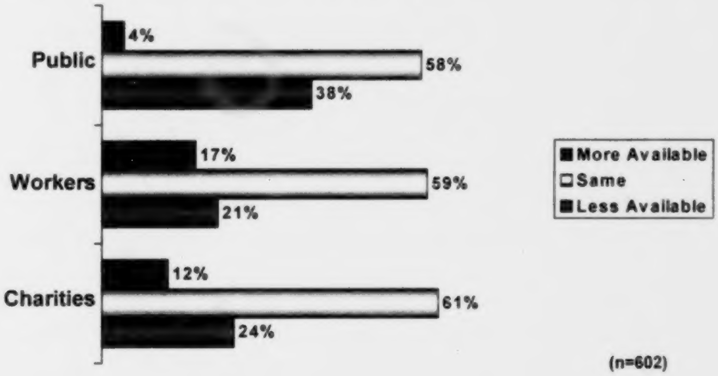


(n=602)

Source: AGLC Charitable Groups Survey

Gaming Support – Slot Machines

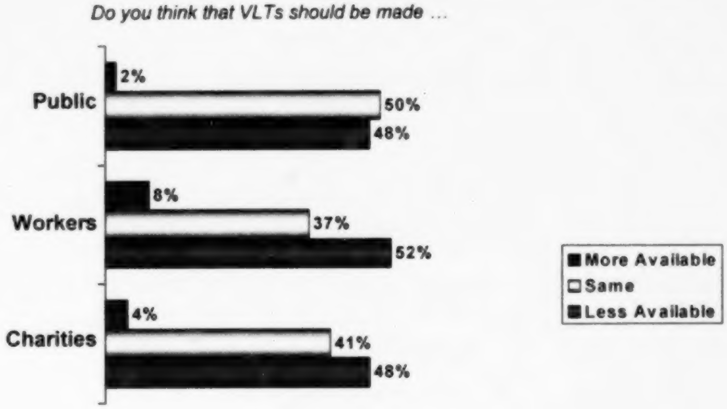
Do you think that slot machines should be made …



(n=602)

Source: AGLC Charitable Groups Survey

Gaming Support – VLTs



Source: AGLC Charitable Groups Survey

5.4 RESPONSIBILITIES

One of the keys to striking the right balance between responsiveness and responsibility is to communicate effectively to the public about the funds which have been generated and where those funds are being distributed. Many of the industry operators consulted believe that the AGLC could tell its story better, if they would "stop apologizing for growth". There is a sentiment among pro-expansion stakeholders that the AGLC has been on the defensive too much, and should be more proactive in communicating the benefits which accrue from gaming throughout the province.

On the other hand, stakeholder groups which are shouldering most of the cost (i.e. the negative social and economic impact) believe that the province has in some cases abdicated its responsibility for accurately assessing the net impact of gaming. They desire more funding to deal with some of the negative consequences of expanded gaming. It is interesting to note that this sentiment is not expressed by the groups dealing directly with treatment and prevention such as AADAC and the Canadian Foundation for Compulsive Gaming, but rather by groups with lesser knowledge of the gaming industry (such as municipalities and the police services).

To balance responsiveness and responsibility will involve on the one hand acknowledging that the AGLC is responding to player demands for more entertainment choices, while at the same time ensuring the public that the integrity of the system is being maintained at a high level despite rapid growth. From an industry perspective, it will be important to communicate that the AGLC is also responding to the industry's desire to invest in new facilities and new games, while at the same time fulfilling its responsibility to generate revenue for use by charitable organizations throughout the province through this new growth. Finally, it will be important to note that the desires of charities for adequate, stable funding for their community based initiatives has been acknowledged, while at the same time monitoring and addressing potential social problems linked to gambling. This will involve listening to the concerns of community groups about properly funding prevention and treatment programs (through AADAC and other agencies) and communicating the AGLC's efforts to balance responsiveness and responsibility for the benefit of all Albertans.

6.0 PERCEPTION OF PROBLEMS

While there was widespread consensus among the public and specific industry stakeholder groups about the good job AGLC has done in managing growth, there is considerable disagreement over the cause and extent of problems associated with gambling. On the one hand, the most negative stakeholder group (organizations that are leaning on the AGLC's shoulder) believe that problems associated with gaming have been over publicized and are already adequately funded. For instance, the ARC, AHA and FABA are more likely to believe that the media has overstated the extent of problems. On the other hand, groups that are looking over AGLC's shoulder, such as the Canada West Foundation, AADAC and some agricultural societies, believe that the AGLC may actually be minimizing the extent of problems.

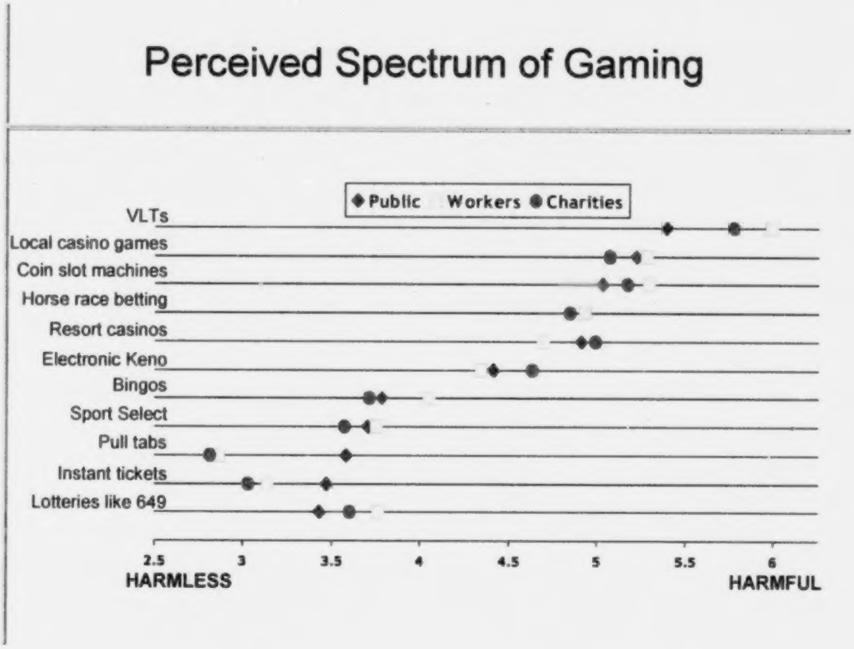
6.1 COST/BENEFIT ANALYSIS

To arrive at an authoritative summation of the extent of problems associated with gambling would ultimately involve a very thorough cost/benefit analysis. The stakeholders who most clearly stated the need for this exercise were municipalities, several of whom noted that "full cost accounting" (totaling the negative impact as well as the revenues derived from gaming) would be desirable. Some of these groups such as the Red Deer Municipal Government believe that if full cost accounting were carried out, the province would quickly see that there is a net negative cost to gaming. The more pro-expansion industry groups that are looking over their own shoulder would gladly support some type of cost/benefit analysis, since they are confident that it would show a net benefit to Alberta. These groups are also very supportive of funding prevention and treatment initiatives in conjunction with the government.

6.2 PRIORITIES

Stakeholder groups which feel they are shouldering most of the cost of the expansion of gaming spent some time discussing how they must prioritize their efforts to deal with the negative fallout from gaming. For instance, both police services and social service agencies at the municipal level feel that their first priority is dealing with any of the crime, poverty or social hardship caused by gaming, rather than spending their time gathering statistical data to link these incidents with problem gambling. Police services are a good example; some of the police services stakeholders noted since gambling tends to be a softer crime (compared to the harder more violent types of crime) the first priority of police services should be to deal with the harder edged and more visible crime. This is not to say that police services minimize the seriousness of crimes associated with gambling, but they do believe that in an era of ever-increasing demands on their services and decreasing funding to meet those challenges, they must prioritize their workload.

One way of establishing perceived priorities with respect to "problem" gambling is to view the spectrum of gaming among the public, industry workers and charities. Among all three groups, VLTs are rated as most harmful, followed by local casino games, casino slot machines, and then horse race betting and resort casinos. Given the extent of publicity surrounding VLTs, it is not surprising to find that VLTs are perceived to be most harmful gaming product.



Many industry workers and charity representatives could not comment on where the AGLC should focus most of its attention in the current licensing and policy review.

Of those who had an opinion common suggestions included focusing upon:

- Addiction and addiction education.
- Communication of how proceeds are dispersed.
- Clarification and consistent application of rules, regulations and licensing policies.
- Communicating with charities, industry and public and allow input.

INDUSTRY	(n=300)
• Proceeds should go to worth causes	8%
• Addiction in general	5%
• Who gets licenses	3%
• Limit growth of all forms of gambling	3%
• Educate public on gambling issues	3%
• End underage gambling	3%
• Enforcing rules	2%
• Public/industry input	2%
• Communicate better with industry	1%
• Treat groups fairly/more consistently	1%
• Simplify rules/too strict	1%

CHARITY	(n=602)
• Look at problem of addition, educate about addiction	10%
• Communication: what they are doing, where $ go	9%
• Make gambling less accessible	7%
• Disperse funds fairly to charities only	6%
• Keep games clean/organized crime out/legitimate charities	5%
• Explain/clarify rules/licensing	4%
• More input and involvement from charities	3%
• Monitor use of proceeds	3%

6.3 PREVENTION AND TREATMENT

Most of the stakeholders consulted acknowledge that the Government of Alberta has begun to invest in prevention and treatment programs. Nevertheless, there is very sketchy knowledge of the specifics of the initiatives launched, and some vague concerns about whether the level of funding devoted to prevention and treatment programs is sufficient. Stakeholders which are most critical of AGLC (such as the groups that are leaning on its shoulder) believe that potential problems have been adequately addressed. In contrast, organizations that are looking over AGLC's shoulder believe that more needs to be done to measure the impact and fund the response. This is particularly true of the advocacy groups. Despite their concern about the lack of adequate measurement, there was almost no awareness of the new initiative to fund the Alberta Gaming Research Institute.

On the municipal and police level, many stakeholders acknowledge that joint efforts are required to collect data more consistently and share information on a province-wide basis. Furthermore, many of the industry operators expressed a desire to actively participate in prevention and treatment funding and training. This suggests that there may be opportunities for organizations like AADAC to coordinate industry wide seminars and training courses for problem gambling intervention tactics with some financial support from industry.

AADAC forms the cornerstone of the Government of Alberta's strategy for prevention and treatment of problem gambling. While AADAC has succeeded in putting forward a few programs, by no means does it consider itself an expert in dealing with gambling problems. Since AADAC's entire budget comes from gaming revenues, it is not surprising to find that the organization has a respectful and constructive working relationship with the AGLC. Nevertheless, it may be wise to consider some of the questions that other stakeholders raise such as:

- Should AADAC be the only agency responsible for funding prevention and treatment programs?
- Should other organizations such as the Canadian Foundation for Compulsive Gambling also be supported in their efforts to design and build treatment and prevention programs?

7.0 CONSISTENCY

7.1 A LEVEL PLAYING FIELD

Stakeholders with a vested interest in the expansion of gambling in Alberta would like AGLC to simply set the rules in place and let gaming providers compete fairly. More than anything, they seek a level playing field:

- between different types of VLT operators (the hotels with their multiple licenses vs. the lounges with a handful of machines);
- between casino operators (First Nations vs. other operators); and,
- between large and small players (ABS vs. other smaller players).

Consistency is also desired by other stakeholder groups, but in the case of stakeholders who are looking over the AGLC's shoulder, they would like better more consistent enforcement of intervention strategies and policies restricting the growth of the industry. The most critical stakeholder groups such as the ARC, AHA and FABA are convinced that the organization has not played by its own rules. They cite numerous examples of inconsistently applied policy. On the other hand, groups that are shouldering most of the cost of the expansion would like to be more consistently consulted about the implications of expanded gaming in Alberta.

7.2 VLT DISTRIBUTION

Perhaps the most explosive aspect of the growth of gaming in Alberta has been the government's policy toward VLT distribution. Based upon the way VLTs were initially launched and then rolled out, a number of inconsistent policies emerged. These included the emergence of the multiple license policy and the seemingly arbitrary decision to reduce the number of VLTs assigned to a permit holder who sells his business, from seven to four.

The issue around which much of the pro or anti gambling sentiment has raged in Alberta over the past five years concerns not only the number of VLT machines allowed, but the number of locations. In other words, public opinion (and some stakeholders) suggests that opposition to VLTs would be reduced if the points of distribution were reduced. During the VLT plebiscite debate the option of keeping the same number of VLTs but consolidating them into fewer locations was never put before the public, however there are several stakeholder groups and much of the public which would choose that as the most palatable option. Such a move, however, would fundamentally restructure the industry and could lead to devastating economic impact among the numerous hotel and lounge operators throughout the province who now rely on VLT revenues.

7.3 ENFORCEMENT

There were no stakeholders who suggested that the AGLC was not properly enforcing the age restrictions with respect to gambling, however there were some more minor irritants with respect to consistency in enforcing existing policies. Perhaps the most contentious is the debate over allowing children to attend small-scale community bingos. Regardless of the rationale for the AGLC allowing small-scale community bingos to permit children to attend, the impact such a move has on the perception of consistency in enforcement is dramatic. AGLC must ask itself if the cost (i.e. a potential dilution of the AGLC's image as a responsible enforcer of age limits) is justified by the resulting benefit for a handful of rural bingo associations.

8.0 INTEGRITY

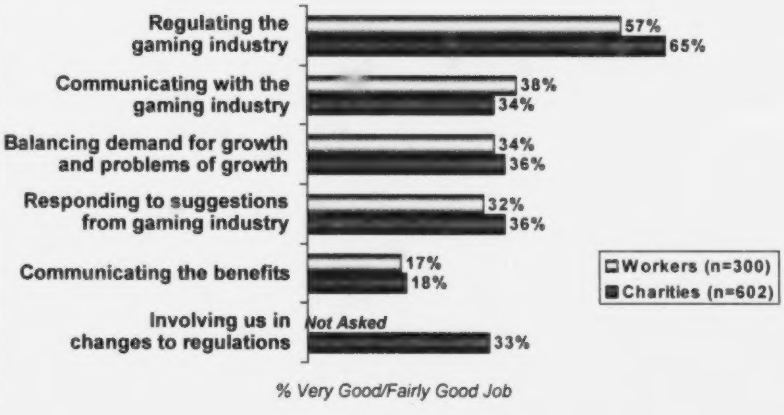
8.1 RATING AGLC'S PERFORMANCE

One of the most positive conclusions to emerge from the stakeholder consultations was the high regard almost all stakeholders had for the integrity and the professionalism of the AGLC as an organization. No stakeholder group believed that the AGLC's integrity had been called into question as a result of some of the policies it had produced or actions it had taken in the past five to eight years.

AGLC's performance as a regulator of the gaming industry is rated fairly highly across most of the stakeholder segments, with a few exceptions among the groups which are leaning on the AGLC such as the ARC and FABA. Results from the quantitative telephone interviews with industry workers and charitable organizations also underline the fact that:

- Two-thirds of the representatives of charities throughout the province (65%) rate the AGLC's performance in regulating the gaming industry as very or fairly good.
- Over half of bingo and casino workers (57%) also rate the AGLC as a very or fairly good as a regulator.

Rating of the AGLC's Performance



Source: AGLC Charitable Groups Survey

8.2 OPERATIONAL IRRITANTS

Despite the overall impression among most stakeholders that the AGLC was an organization that operated with a high degree of professionalism and integrity, there were some operational irritants highlighted. These included:

- Doing a less than adequate job in communicating consistently with the gaming industry and responding to their suggestions.
- Doing a relatively poor job in communicating the benefits of gaming to the population of the province.

Most of the criticisms of the AGLC point to a desire for greater transparency and dialogue between industry stakeholders and AGLC senior management. Among industry stakeholders such as casino operators, a few raised questions about whether the AGLC operates "like a true business would". They cited the apparent lack of technology support staff to keep slot machines operational as an example of lost revenue due to insufficient staffing (which conceivably would not happen in the private sector).

8.3 PROFESSIONALISM

Some of the most critical stakeholder groups with respect to AGLC policy, such as the Canada West Foundation and the Canadian Foundation for Compulsive Gambling, rate the professionalism of AGLC quite highly. On the other extreme, groups such as the ARC and FABA question the organization's professionalism in making tough decisions and in clearly communicating those decisions. These critical organizations point to exceptions that have been made or allowances that have been granted to other operators as an example of the lack of professionalism or consistency in AGLC decisions. The rapid expansion of slot machines in a number of casinos is held up as one example of AGLC's inconsistency.

9.0 POLICY SUPPORT

9.1 COMMON THEMES

Common themes which emerged across most of the stakeholder groups can be summarized as follows:

1. Throughout all of the consultations, the most common desire expressed was for organizations to receive more funding to meet their specific needs. For some organizations this meant providing funding for treatment and prevention programs or education, whereas others had very specific capital projects in mind. Regardless of how the desires were couched, the fundamental point is that despite revenues in the range of $1 billion dollars, the combined wish lists of stakeholders in the province totals more than $1 billion.

2. There is a perceived need for more reliable data on the extent of potential problems arising from gambling in Alberta. This was raised consistently among law enforcement and social service agencies, but it is also something that most of the stakeholders concur with. Perhaps a program should be considered to raise the profile of the Alberta Research Institute and solicit ideas for worthy projects they could undertake.

3. Throughout the province, across all stakeholder groups, there is a widespread belief that more money should be spent by the Alberta Government to inform and educate the citizens of the province about where proceeds from gaming are distributed. This has been a consistent theme identified in numerous surveys throughout the 1990s. Given the new direction from the Ministry of Gaming to begin the "brand" the Alberta Lottery Fund, now may be an ideal time to develop plans for a long-term public affairs promotional campaign.

4. Despite the numerous competing agendas among stakeholders in the province, almost all of them can agree that the AGLC has done a fairly good job in managing growth responsibly. With only a handful of exceptions, stakeholder groups in the province believe that the rapid rise in revenues from gaming have been managed in a sustainable way that has provoked a minimum amount of public backlash.

5. Most stakeholders welcomed this review process and they noted that stakeholder input should be sought by the AGLC on a more regular basis.

9.2 CONFLICTING INTERESTS

The major points of conflict within the gaming industry in Alberta are likely to revolve around the distribution of proceeds and access to those revenues. Even the most ardent anti-gambling advocacy groups do not expect to roll back or even cap the growth of gaming in Alberta. These organizations do, however, believe that a more just and equitable allocation of funding toward treatment, prevention and education is the only responsible route for the Government of Alberta to take.

Most of the conflicts will stem from competing interests jockeying for a bigger piece of an expanding pie. For instance, casino operators in the province (both current and potential developers) anticipate a continued growth in demand for gaming products, particularly in Calgary. The main point of contention is how the province will deal with First Nations gaming. Depending upon the rules and regulations under which First Nations can operate casinos, the impact could alter the gaming industry in Alberta dramatically. Most of the fears about the introduction of First Nations casino centres on whether or not they will be allowed to offer unfair competitive advantages (such as free food or discounted hotel rooms).

9.3 POTENTIAL OPPORTUNITIES

Alberta faces tremendous challenges in balancing the desire of players for greater quality and variety of gaming products on the one hand, and a need to devote sufficient resources for education, prevention and treatment of problem gambling. Despite these challenges, there are significant opportunities to establish Alberta as a model jurisdiction when it comes to the structure of the gaming industry and how benefits are derived for the entire province. Many of the opportunities hinge upon a successful updating of the Charitable Model. The fundamental underlying principles of the Charitable Model should form the cornerstone of any new policy framework: volunteers in charities throughout the province working to derive direct benefit from gambling which will go to support many worthy causes.

Expansion of casino facilities and the introduction of any new types of games (such as Keno) will have less dramatic impact on the public opinion landscape than any adjustment to the distribution of VLTs. The opportunity now exists to restructure some of the old policies, correct some of the anomalies which have grown up inside the old policy framework, and publicly state the government's commitment to balance responsiveness and responsibility on the gaming issue.

Striking the proper balance will involve responding to the desires of players for a better quality product, the desires of charities for greater stable revenue sources, and the desires of operators to invest in building new facilities. Nevertheless, these objectives will have to be weighted against the acknowledgment that police services, social service agencies, and organizations working to educate, prevent and treat problem gambling must receive funds on a more stable and consistent basis. The maturation of the gaming industry in the province demands it.

Because gambling is such a potentially divisive moral issue, the majority of Albertans, including almost all stakeholder groups, would not advocate prohibition of gaming in the province. They will, however, embrace a policy that acknowledges the important role of volunteers and charities within Alberta, the vital function that gaming plays to support these activities, and the increased emphasis the government is prepared to place on properly funding regulation, education, prevention and treatment of gambling problems.

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METHODOLOGY

Executive Discussions

- AADAC: 1 Executive Meeting
- Agricultural Societies: 6 Executive Meetings
- Advocacy Groups: 2 (CWF, Canadian Compulsive Gambling Foundation)
- AGIA: 1 Executive Meeting
- AHA & ARFA: 2 Executive Meetings
- Alberta Justice: 1 Executive Meetings
- FABA: 2 Meetings with FABA Executive
- Municipalities-4 – Edmonton, Red Deer, Grand Prairie, Calgary
- Police Services-5 – RCMP, EPS, CPS, LPS, MHPS
- Salvation Army
- Potential Casino Applicants

Facilitated Group Discussions

- ABHMA: 1 Focus Group
- Ticket Retailers: 4 Focus Groups
- Video Retailers: 4 Focus Groups
- Casino Operators: 2 Focus Groups
- RCAA: 1 Focus Group

Telephone Interviews

- Industry Workers:
  - 300 telephone interviews
  - representative sample of Alberta
  - 15 minute survey
  - analyzed by type of establishment
- Charitable Organizations:
  - 600 telephone interviews
  - representative sample of charities by size (S, M, L) and region
  - 15 minute survey
  - booster sample of Community Bingo Licensees

Alberta Gaming & Liquor Commission
Focus Group Screener

Good morning/afternoon/evening, may I please speak to ______. Hello _____. I'm _______ from Cameron Strategy Inc, a research company in Calgary, and we are conducting focus groups on behalf of the Alberta Gaming and Liquor Commission. Focus groups are informal group discussions about a variety of topics that last around 90 minutes. If you qualify to attend and you show up for the session, you will receive $50 to thank you for your time.

1. Are you over the age of 18?

    Yes
    No   Thank and explain the quota has been filled

Thank you. You qualify to attend. The focus group will be conducted in ______on ______ at _____. Can you attend at this time?

If for some reason you cannot attend, please call this #   to let us know so we can get someone else in your place.

Alberta Gaming & Liquor Commission
Executive Consultations
Screener

Good morning/afternoon/evening, may I please speak to ______. Hello _____. I'm _______ from Cameron Strategy Inc, a research company in Calgary, and we are conducting executive consultations on behalf of the Alberta Gaming and Liquor Commission. Your name was put forward as an important person to speak to regarding the AGLC stakeholder consultation.

The interview will take approximately 1 hour, and will be conducted with yourself, an executive of the AGLC, and a representative from Cameron Strategy. Please feel free to invite other key people from your company who may wish to contribute to the research.

The interview will be conducted in ______on ______ at _____. Are you interesting in attending?

AGLC STAKEHOLDER CONSULTATION
- DISCUSSION GUIDE -

1. Introduction (10 minutes)

- Introductions of participant names / roles
- Explain purpose of session:

  Gaming has experienced dramatic growth in many jurisdictions throughout Canada and the United States over the past 10 years. The Province of Alberta is no exception.

  In Alberta, gaming activities generated gross sales (before prizes) of $12.5 billion last year. Since 1991 net revenue to the Lottery Fund and Charities has grown from $235 million to more than $1 billion, an increase of 331%.

  That level of growth emphasizes the importance of maintaining the integrity of gaming activities and of ensuring that any further growth or expansion is balanced against the fiscal and social capacity of the province.

  The Minister of Gaming requested a review of gaming licensing policies. He also directed that, during the licensing policy review, the Alberta Gaming and Liquor Commission (AGLC) suspend consideration of requests to license or approve new casinos, casino expansions or relocations, new games and new gaming environments.

  The scope of the Licensing Policy Review is to determine whether or not existing gaming licensing policies are current, comprehensive, clearly defined and specific in terms of the licensing procedures and processes to be followed by the Alberta Gaming and Liquor Commission (AGLC). Where polices may be lacking in any of these respects, revisions are to be recommended as appropriate to the Minister of Gaming for consideration.

  Stakeholder Consultation

  During the review, the AGLC is consulting with stakeholders who represent a range of community and industry perspectives. Stakeholder views will be considered in the development of licensing policy.

- Thank you for taking the time to meet with us to discuss your views on gaming policy and licensing in Alberta.
- All input from stakeholders is being carefully considered before a summary report is submitted to the Minister, so your candid views are encouraged and appreciated.

2. Awareness Of and Reaction To Current Review

- Prior to being contacted for this consultation, how familiar were you with the scope and purpose of the current gaming licensing review? **(very, somewhat, not very, not at all familiar)** What had you heard? From what source?
- I want to know how familiar you are with elements of previous consultations that are being incorporated into the current review. Are you familiar with any other consultations?
- For each element – ask awareness, and impressions of the process and outcome.
    - Bingo Industry Review (September'99)
    - Lotteries and Gaming Summit (July'98)
    - Native Gaming Review Committee (April'96)
    - Lotteries Review Committee (August'95)
- How familiar were you with that?
- Were you consulted?
- How did you feel about the process or the outcome?

3. Scope and Impact of Gaming in Alberta

- What do you feel is the main challenge the AGLC needs to address as part of this gaming and licensing policy review?
- Have you or your organization noticed growth in demand over the past two years from players of lotteries and other gaming products in Alberta? If so, how has that growth impacted you or your organization?
- What specific types of products or games do you think Albertans are playing more frequently now than they were two years ago?
- Where do you see the greatest potential for growth in gaming in Alberta?
- What do you see as the major limits to growth? (Probe for consumer demand, economic limits, policy limits, social capacity concerns.)
- What do you think the term social capacity means?
- What do you think community capacity means?
    - tolerance?
    - demand?
- To what extent do you think the AGLC has effectively balanced the growth in demand for gaming and the need to respect the social and economic capacity of Alberta to gamble?
- What could the AGLC be doing better to assist your organization in responding to growth in consumer demand?
- What could the AGLC be doing better to balance the challenges of increased gaming demand and the need to monitor the social capacity of Alberta?

- Do you think Albertans are more aware now of where the money raised from gaming goes than they were two years ago? Why / why not? Has this changed the way people have reacted to gaming? Win what ways?

4. General Impressions of Gaming Issues

- What would you say are the top issues or problems which have arisen within the gaming industry in Alberta in the past year?
- What could the AGLC do to respond to those issues?
- In general, the AGLC has faced a variety of challenges, which we can discuss in 3 core areas:
  - i. Policy topics
  - ii. Strategic issues
  - iii. Tactical considerations

i. Policy Issues
Which ones do you see as crucial to address? Why? **(Probe for casino expansion, First Nations casinos, VLT multi-licensing, VLT distribution, retaining the charitable model, guiding principles.)**

ii. Strategic Issues
What strategic issues do you see as important to consider? (In other words, market trends, advertising, research, product cannibalization, etc.) How should the AGLC address them?

iii. Tactical Considerations
What kinds of more tactical concerns need to be addressed? **(Probe for enforcement issues, security / network challenges, etc.)**

- Do you think existing policies have been consistently applied or not? Why? How can consistency of application be improved?

5. Specific Reactions to Initiatives

- Among some of the key gaming issues we have discussed, which one do you think requires the most urgent attention by the AGLC? Why? Probe for:
  - Internet Gaming
  - Casino Expansion
  - First Nation Casinos
  - VLT Licensing
  - VLT Distribution
  - Bingo
  - Charity Eligibility
  - Social Capacity / Problems
- (see Section 4 of Blue Book – custom questions for each sector/stakeholder group)

6. Final Comments / Issues

- What are the areas of gaming policy or licensing you think the AGLC needs to spend more time considering?
- Are there certain topics that the newly established Alberta Gaming Research Institute should be pursuing?
- What ways can you suggest to keep the lines of communication open on an ongoing basis between the gaming industry and AGLC?
- Do you have any final thoughts or comments?

Thank you for your input.

ADDENDUM ON KEY TOPICS

1. With respect to CASINO EXPANSION, what do you see as the key issues to address?

- Probe to gauge reaction toward:
    - Freeze on development pending policy review (was it reasonable, expectations about lifting the freeze)
    - Slot machine growth (dramatic rise in revenues and potential impact on problem gambling)
- What role should the AGLC play ...
    - In determining future casino developments? In setting a number of slots in casinos? In mitigating the effect of First Nations casinos on casino gaming in Alberta?

2. With respect to FIRST NATIONS GAMING, what do you see as the key issues to address? How should the AGLC address those?

- Probe for reaction to:
    - Recent announcements on First Nations casinos
    - Ensure the charitable model is retained while still taking First Nations issues into account

3. With respect to VLT MULTIPLE LICENSE POLICY, what do you see as the major issues? How should the AGLC address those?

- Specifically, probe reaction to:
    - Initial Dec. 31, 2000 deadline and extension to Dec. 31, 2001
    - Creation of hotel facility gaming rooms

4. With respect to VLT DISTRIBUTION, what are the major issues and how should AGLC address them:

- Probe for specific reaction to:
    - Retaining the 6000 cap
    - Policy of optimization and establishing criteria to decide on locations based on performance measures

5. With respect to BINGO, what are the major issues and how should the AGLC address them?

- Probe for specific reaction to:
    - Implementing Bingo review recommendations
    - Possibility of introducing Keno and Electronic Bingo
    - Considering pull ticket dispensing machines in Bingo halls and Legions

6. With respect to CHARITY ELIGIBILITY FOR LICENSES, what are the major issues and how should AGLC address them?

- Probe for specific reaction to:
    - Waiting periods
    - Greater consistency and clarity in defining charity eligibility

7. With respect to GUIDING PRINCIPLES, what do you see as the major challenge for AGLC and how should it be addressed?

- Probe for specific reaction to:
    - Developing a formal set of guiding principles
    - AGLC's role to balance sustained revenue and control / protection of social capacity

SIZE (# of members): (watch quotas)	
CHARITY NAME:	
LOCATION:	

CLASS:

Seniors	1
Medical	2
Religious	3
Sport/Recreation	4
Social	5
Education	6
Youth	7
Cultural	8
Service	9
Arts	10

ALBERTA GAMING STAKEHOLDER SURVEY
- CHARITABLE GROUPS -
- Final SEPTEMBER 11, 2000 -

Hello, this is ____________ from Cameron Strategy, an Alberta based opinion and marketing research firm. We are assisting the Alberta Gaming & Liquor Commission in conducting a review of gaming licensing and policy in the Province, and we were given a list of names of people associated with various charitable organizations in Alberta. Are you ______________? I would like to speak with that person about their views of the gaming industry in Alberta.

[WHEN CORRECT PERSON IS SELECTED, ASK:]

I would just like to confirm that you are part of ________________________. **(IF NOT, ASK TO SPEAK TO SOMEONE WHO DOES AND RE-INTRODUCE OR THANK & TERMINATE)** This is important research, and your participation will help greatly in understanding the attitudes of all Albertans toward gaming and gambling in our province. This research is completely confidential and results will be grouped together for reporting. Would you have time now to answer some questions?

8. Gender: **(DO NOT ASK)**

Male	1
Female	2

9. What role do you play in the **(NAME OF CHARITY)**? **(PROBE FOR TYPE OF JOB)**

____

____

____

10. What do you personally think is the greatest **challenge** facing Alberta's gaming industry right now?

11. For each statement I am about to read, please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree that ...? **(READ LIST)**

		Strongly Agree	**Somewhat Agree**	**Somewhat Disagree**	**Strongly Disagree**	**Unsure**
a.	The demand for gambling in Alberta is growing	1	2	3	4	9
b	More types of gambling should be allowed in Alberta...	1	2	3	4	9
c.	Access to gambling activities is well controlled & regulated................................	1	2	3	4	9
d.	Increased access to gaming will create more problems than it is worth in Alberta	1	2	3	4	9
e.	More money should be spent to inform Albertans about where lottery proceeds go............................	1	2	3	4	9
f.	Rules for various forms of gaming have been enforced consistently by the AGLC	1	2	3	4	9
g.	Charitable groups have had input into the way the industry is structured	1	2	3	4	9

12. Based on what you have seen or heard, over the past year do you think that problems associated with gambling in Alberta have ... **(READ LIST)**

Increased or gotten worse.................	1
Stayed the same	2
or Decreased/gotten better...............	3
(Unsure)	9

13. Why do you say that?

14. a) To what extent do you think the current rules and regulations on gaming in Alberta accurately reflect the desires of most people in the Province?

Not at all	1
Not very much	2
Somewhat	3
or Very much	4 – **SKIP TO Q. 8**
(Unsure)	9

7. b) How could the existing rules and regulations be changed to better reflect what Albertan's want?

15. Would you like to see the following types of gambling made more or less widely available in Alberta, or would you like to see its availability remain the same ... **(READ LIST)**

	More Available	**Same Availability**	**Less Available**	**DK/NS**
Slot machines in local casinos	1	2	3	9
Bingo	1	2	3	9
On video lotteries in bars and lounges	1	2	3	9

9. Do you support or oppose establishing the following types of gambling in Alberta....? Is that strongly or somewhat oppose?

	Strongly support	**Somewhat support**	**Somewhat oppose**	**Strongly oppose**	**DK/NS**
Large resort casinos in Alberta	1	2	3	4	9
Casinos on Native land	1	2	3	4	9
Electronic Keno in bars or Bingo Halls	1	2	3	4	9
On the Internet	1	2	3	4	9
At expanded gaming centres in selected hotels or bars	1	2	3	4	9

10. How well informed do you feel you are about where the proceeds (profit after prizes and operating expenses) from various types of gaming go such as ... **(READ LIST)**

	Very Well Informed	**Somewhat Informed**	**Not very Well Informed**	**Not At All Informed**	**DK/ NS**
i) Bingo	1	2	3	4	9
ii) Casinos	1	2	3	4	9
iii) Lotteries	1	2	3	4	9
iv) Video lotteries	1	2	3	4	9
v) Horse races	1	2	3	4	9

11. How well informed do you think *other* Albertans are about where the proceeds from various types of gaming go? Are they....**(READ LIST)**

Very well informed	1
Somewhat informed	2
Not very well informed	3
Not at all informed	4
DK/NS	9

12a. Can you recall hearing, seeing or reading anything recently about where gaming proceeds went? (NOTE: Proceeds are the profits made by the lotteries or other forms of gambling.)

Yes	1	**ASK Q.12b**
No	2	**skip to question 14**
DK/NS	9	

12b. What is your primary source of information?

____

____

____

13. Did that information make you feel positive or negative about ... **(READ LIST, ROTATE)**

	Positive	**Negative**	**Neither**	**DK/NS**
__i) The Alberta Gaming and Liquor Commission...	1	2	3	9
__ii) The Alberta Government	1	2	3	9
__iii) Spending money on gaming or lotteries..	1	2	3	9
__iv) Donating your time to the charity.........	1	2	3	9

14. To what extent do you think the gaming industry in Alberta ... **(READ LIST)**. Is that not at all, a little, or a lot?

	Not At All	**A Little**	**A Lot**	**DK/NS**
Benefits most charitable organizations...........	1	2	3	9
Benefits the charitable organization you work for	1	2	3	9
Appreciates the efforts of charitable organizations...	1	2	3	9

15. Now I am going to read you a list of different games and gambling activities and I'd like you to tell me whether you personally think each one is harmless entertainment or hard gambling. On a scale from 1 to 7 where "1" is harmless entertainment and "7" is hard gambling, how would you rate ...? **(READ LIST)**

		HARMLESS ENTERTAINMENT				**HARD GAMBLING**			**DK/ NS**
a.	Pull tabs	1	2	3	4	5	6	7	9
b.	Instant tickets	1	2	3	4	5	6	7	9
c.	Bingos	1	2	3	4	5	6	7	9
d.	Electronic Keno	1	2	3	4	5	6	7	9
e.	Video lottery terminals	1	2	3	4	5	6	7	9
f.	Horse race betting	1	2	3	4	5	6	7	9
g.	Local casino table games	1	2	3	4	5	6	7	9
h.	Resort casinos	1	2	3	4	5	6	7	9
i.	Lotteries like lotto 6/49	1	2	3	4	5	6	7	9
j.	Sport Select (Pro line, Over/Under)	1	2	3	4	5	6	7	9
k.	Coin dispensing slot machines	1	2	3	4	5	6	7	9

16. Finally, I'd like you to tell me if you think the AGLC has done a very poor, fairly poor, OK, fairly good or very good job at ... **(READ LIST)**

	Very Poor	**Fairly Poor**	**OK**	**Fairly Good**	**Very Good**	**DK/NS**
Regulating the gaming industry	1	2	3	4	5	9
Responding to suggestions from the gaming industry	1	2	3	4	5	9
Balancing the demand for growth and potential problems of growth in gaming	1	2	3	4	5	9
Communicating the benefits of gaming to Albertans	1	2	3	4	5	9
Communicating with the gaming industry	1	2	3	4	5	9
Involving charities in changes to regulations	1	2	3	4	5	9

17. What do you think the AGLC should focus most of its attention on in the current licensing and policy review?

DEMOGRAPHICS

This final question is for statistical purposes only.

18. Into which of the following categories does your age fall?

18 to 24 years	1
25 to 34 years	2
35 to 44 years	3
45 to 54 years	4
55 to 64 years	5
65 years or older	6
Refused / Not Stated	9

Thank you, those are all the questions I have to ask you. I greatly appreciate your taking the time to complete this survey and participating in the AGLC review of licensing and policy.

DO NOT ASK: TELEPHONE NUMBER

(___ ___ ___) ___ ___ ___-___ ___ ___ ___

INTERVIEWER'S SIGNATURE: ______________________

DATE: ____________________

Location:________________________________

CLASS:

Bingo worker	1
Casino worker	2
Community Bingo Licensee (watch quota)	3

ALBERTA GAMING STAKEHOLDER SURVEY
- INDUSTRY WORKERS -
- SEPTEMBER 11, 2000 -

Hello, this is _____________ from Cameron Strategy, an Alberta based opinion and marketing research firm. We are assisting the Alberta Gaming & Liquor Commission in conducting a review of gaming licensing and policy in the Province, and we were given a list of names of people who work in the industry. Are you ___________________________? I would like to speak with that person about their views of the gaming industry in Alberta.

[WHEN CORRECT PERSON IS SELECTED, ASK:]

I would just like to confirm that you work in the gaming industry. **(IF NOT, ASK TO SPEAK TO SOMEONE WHO DOES AND RE-INTRODUCE OR THANK & TERMINATE)** This is important research, and your participation will help greatly in understanding the attitudes of all Albertans toward gaming and gambling in our province. This research is completely confidential and results will be grouped together for reporting. Would you have time now to answer some questions? Would you have time now to answer some questions?

1. Gender: (DO NOT ASK)

Male	1
Female	2

2. What role do you play in the industry? **(PROBE FOR OCCUPATION/TYPE OF JOB)**

____

____

____

3. What do you personally think is the greatest **challenge** facing Alberta's gaming industry right now?

____

____

____

4. For each statement I am about to read, please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree that ...? **(READ LIST)**

	Strongly Agree	**Somewhat Agree**	**Somewhat Disagree**	**Strongly Disagree**	**Unsure**
a. The demand for gambling in Alberta is growing.................	1	2	3	4	9
b More types of gambling should be allowed in Alberta..	1	2	3	4	9
c. Access to gambling activities is well controlled & regulated...............................	1	2	3	4	9
d. Increased access to gaming will create more problems than it is worth in Alberta	1	2	3	4	9
e. More money should be spent to inform Albertans about where lottery proceeds go...........................	1	2	3	4	9
f. Rules for various forms of gaming have been enforced consistently by the AGLC	1	2	3	4	9
g. People in the gaming industry have had input into the way the industry is structured...............................	1	2	3	4	9

5. Based on what you have seen or heard, over the past year do you think that problems associated with gambling in Alberta have ... **(READ LIST)**

Increased or gotten worse.................	1
Stayed the same	2
or Decreased/gotten better...............	3
(Unsure)	9

6. Why do you say that?

____

____

____

7. a) To what extent do you think the current rules and regulations on gaming in Alberta accurately reflect the desires of most people in the Province?

Not at all	1
Not very much	2
Somewhat	3
or Very much	4 – **SKIP TO Q. 8**
(Unsure)	9

7. b) How could the existing rules and regulations be changed to better reflect what Albertan's want?

____

____

____

8. Would you like to see the following types of gambling made more or less widely available in Alberta, or would you like to see its availability remain the same ... **(READ LIST)**

	More Available	**Same Availability**	**Less Available**	**DK/NS**
Slot machines in local casinos	1	2	3	9
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	Strongly support	Somewhat support	Somewhat oppose	Strongly oppose	DK/NS
Large resort casinos in Alberta	1	2	3	4	9
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10. How well informed do you feel you are about where the proceeds (profit after prizes and operating expenses) from various types of gaming go such as ... **(READ LIST)**

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11. How well informed do you think *other* Albertans are about where the proceeds from various types of gaming go? Are they....

Very well informed	1
Somewhat informed	2
Not very well informed	3
Not at all informed	4
DK/NS	9

12a. Can you recall hearing, seeing or reading anything recently about where some gaming proceeds went? (NOTE: Proceeds are the profits made by the lotteries or other forms of gambling.)

Yes	1	**– ASK Q.12B**
No	2	**SKIP TO Q.14**
DK/NS	9	

12b. What was your primary source of information?

____

____

____

13. Did that information make you feel positive or negative about ... **(READ LIST, ROTATE)**

	Positive	**Negative**	**Neither**	**DK/NS**
__i) The Alberta Gaming and Liquor Commission	1	2	3	9
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k.	Coin dispensing slot machines	1	2	3	4	5	6	7	9

15. Finally, I'd like you to tell me if you think the AGLC has done a very poor, fairly poor, OK, fairly good or very good job at ... **(READ LIST)**

	Very Poor	**Fairly Poor**	**OK**	**Fairly Good**	**Very Good**	**DK/NS**
Regulating the gaming industry	1	2	3	4	5	9
Responding to suggestions from the gaming industry	1	2	3	4	5	9
Balancing the demand for growth and potential problems of growth in gaming	1	2	3	4	5	9
Communicating the benefits of gaming to Albertans	1	2	3	4	5	9
Communicating with the gaming industry	1	2	3	4	5	9

16. What do you think the AGLC should focus most of its attention on in the current licensing and policy review?

____

____

____

DEMOGRAPHICS

This final question is for statistical purposes only.

17. Into which of the following categories does your age fall?

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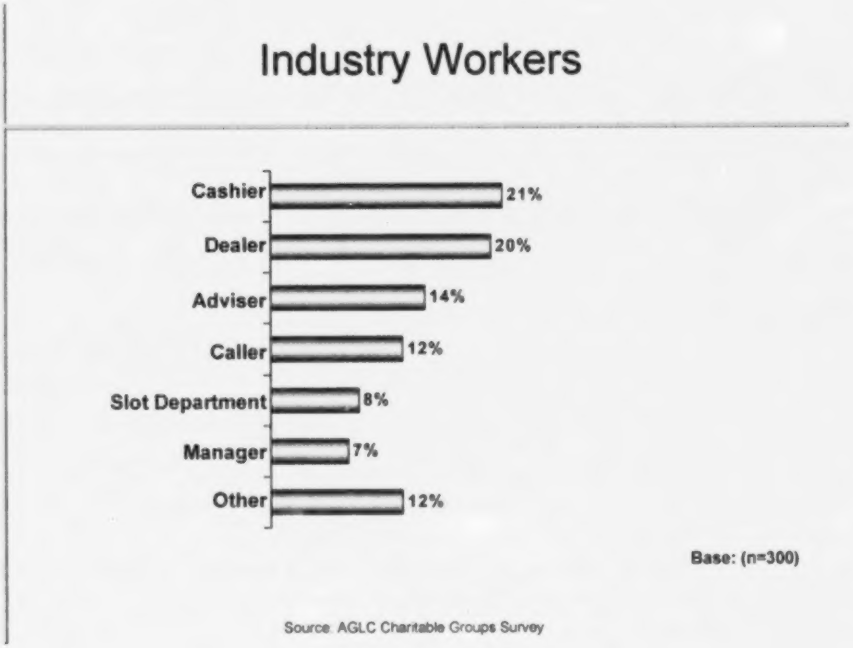
25 to 34 years	2
35 to 44 years	3
45 to 54 years	4
55 to 64 years	5
65 years or older	6
Refused / Not Stated	9

Thank you, those are all the questions I have to ask you. I greatly appreciate your taking the time to complete this survey and participating in the AGLC review of licensing and policy.

DO NOT ASK: TELEPHONE NUMBER:
(__ __ __) __ __ __-__ __ __ __

INTERVIEWER'S SIGNATURE: ______________________
DATE: ____________________

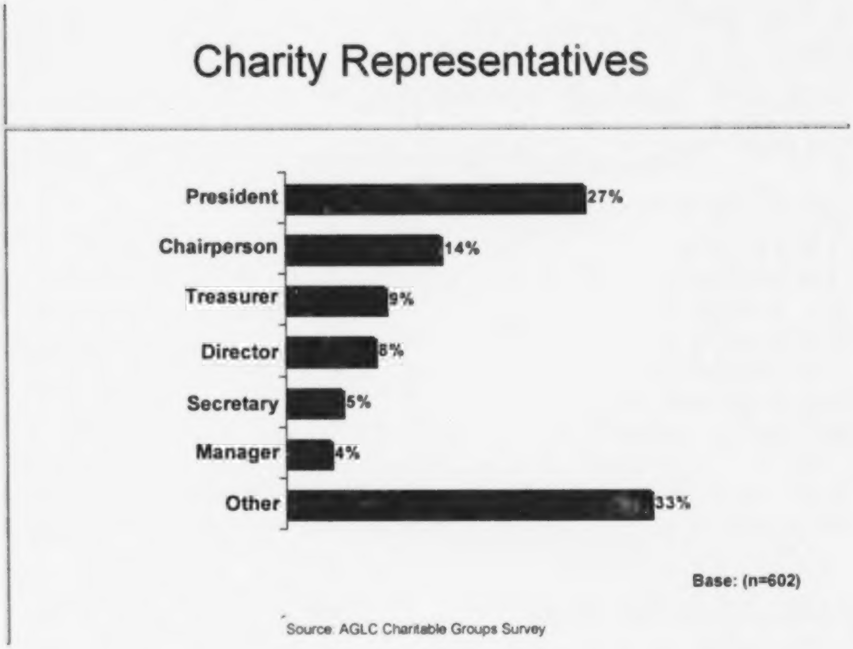
PROFILE OF INDUSTRY WORKERS & CHARITY REPRESENTATIVES



Industry Workers

Base: (n=300)

Source: AGLC Charitable Groups Survey



Charity Representatives

Base: (n=602)

Source: AGLC Charitable Groups Survey

Alberta
Gaming and
Liquor Commission

ALBERTA GAMING
LICENSING POLICY REVIEW

TECHNICAL APPENDIX
SUMMARY OF INDIVIDUAL CONSULTATIONS

Prepared by: Cameron Strategy Inc.
December, 2000

Prepared for: Alberta Gaming and Liquor Commission

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APPENDIX STRUCTURE

Summaries of the individual meetings with each specific stakeholder group are contained within this appendix. They are organized into four sections based upon the segments identified in the main body of the report. These include:

1. Most Critical of AGLC (leaning on AGLC's shoulder)
2. Fairly Critical of AGLC (looking over AGLC's shoulder)
3. Fairly Positive Toward AGLC (shouldering most of the impact)
4. Most Positive Toward AGLC (looking over their own shoulder)

The reader is cautioned that these summaries have been prepared by Cameron Strategy Inc. on the basis of handwritten notes taken during the sessions. Early in the consultation exercise it was decided to forgo audiotaping of the sessions, therefore an exact verbatim record is not available. The intent of these summaries is to capture the main points which each of the stakeholder groups raised.

SEGMENT ONE: LEANING ON AGLC'S SHOULDER

1.1 Federation of Alberta Bingo Associations (FABA)

Due to the extensive input FABA had to contribute and the time allotted at the beginning of the consultations, two sessions were held with FABA rather than the normal one session.

During the first session on September 1st, 2000 FABA began by underlining their belief that an overall comprehensive review of gaming was long overdue. They then expressed concern that bingo was not even mentioned in the terms of reference. Consistent with almost all other stakeholder feedback, FABA believed that the public needs to know how the money from gaming is being handled (i.e. where the money is coming from and how it is being spent).

FABA is "really upset" about continually being targeted with respect to the issue of minors and gambling. They do not believe that bingo is addictive due to its slower pace and smaller jackpots. They also mentioned that many of their more rural associations wanted the 1998 rules prohibiting minors overturned.

Most of the remainder of the initial session with FABA was spent outlining how bingo revenues have decreased from 1993 to the present, due to the introduction of VLTs and slots. Central to this discussion was the issue of the desire of FABA to introduce new games, which they described as progressive games and games of second chance. FABA is in favour of linked games but on the whole was hesitant about allowing liquor in bingo halls, because only a few halls have workers who are all of legal drinking age.

FABA returned to the issue of differentiating bingo from other forms of gambling, stressing that bingo is a more social game than most other forms of gambling, and needs AGLC's help to survive and compete. FABA also made the point that more transparency was desirable in licensing, and that perhaps slot revenues should be pooled province-wide rather than by community as it is now. With respect to the issue of registration and testing of bingo staff, FABA noted that testing is a new concept which may be unnecessary but believes that most associations would comply. On the issue of Native Casinos, the central question FABA raised was how the benefits would be shared in order to be important to avoid disparities between the Native communities and the broader Native community in each region of the province. Native casinos could have a negative impact on some associations due to the location and proximity.

In the second session with FABA held on October 25th, 2000 (near the end of the consultation process), FABA identified the main challenges facing AGLC as credibility and consistency. They believe that there should be a definitive plan, rather than ad hoc development as is now the case. They also stressed that the public have a right to know that approvals are fair, equitable and unbiased. With respect to bingo, they maintain that fairness and equitability has not been the norm due to the number of new casinos, VLTs and slot machines that AGLC has approved.

During that timeframe, the only change FABA believes has been made to help bingo is the introduction of satellite bingo, loonie pots and some limited progressives. Although they recognize that these have been beneficial, their concern is that bingo is purely entertainment whereas slots and VLTs are harder edged gambling. Competing against such a hard-edged form of gambling presents challenges which FABA believes AGLC should help them with. FABA returned to the concept that bingo has more of a community and social atmosphere rather than being conducive to addiction.

On the topic of cannibalization, FABA believes that although it is not AGLC's direct responsibility, they should allow bingo to be more customer oriented to respond to the cannibalization that has occurred. This would involve allowing bingo associations to have more flexibility and programming for linked progressives and perhaps even Keno. FABA believes that by having linked games (i.e. within Calgary), there would be a local winner every game which would be a key point of differentiation and a key benefit for bingo. This type of local or regional flexibility was seen to be a potential asset for bingo.

On the issue of Keno, FABA believes that a separate room for Keno machines would be okay and that many halls would want to have a linked Keno game that only requires a remote linked station. FABA also maintains that some halls would want to have slots (even if they were separated from the rest of the hall). On the issue of potential problems with respect to slot access at bingo halls that are not age restrictive, FABA was unclear about how this would be handled. There seemed to be some resentment about the fact that casinos are "taking baby boomer games and turning them into slots", whereas bingo halls cannot compete with the current roster of games.

FABA also pointed out that "we don't have the authority or mandate to speak for community bingos but we are the only organization speaking for charitable and not-for-profit groups." Nevertheless, FABA believes that ensuring the viability of bingo means developing a long-term vision which allows more than what is currently available. In other words, they want to have some flexibility to allow customers to win a little bit and have a few big prizes, although they are opposed to the concept of AGLC forcing consolidation of a number of smaller bingos into large halls with more products to offer. They also would like flexibility or relaxations with respect to how promotional dollars are spent (i.e. referring to the $100 limit on ads per day) and the 10/65 formula.

Fundamentally, FABA believes that every decision AGLC makes affects every other sector in the gaming industry. They pointed out the inconsistency of expansion having occurred even while a moratorium was in place.

In addressing the issue of having paid workers on the floor, FABA said that owners want them, however, the FABA membership have stated that they do not want "the BC model". Their main concern is maintaining the charity model. Paid floor worker decisions have been tabled to FABA's SAGM for further consideration.

Finally, coming back to the issue of integrity, FABA believes that there should be some kind of cooling off period before senior AGLC staff could accept a position with a gaming or liquor-related business (i.e. 6 months to one year for executive staff in most government departments). They believe that without such a cooling off period, AGLC's credibility and integrity is put at risk. They also point out that the gaming industry has been in constant turmoil for the past three years and the department is constantly being reinvented, including significant turnover in senior positions.

1.2 Alberta Bingo Hall Managers Association (ABHMA)

A facilitated group discussion was held with the Alberta Bingo Hall Managers Association on September 6th, 2000. The first topic raised was awareness of various reviews. There was a sense that the bingo industry review "hasn't seemed to go anywhere". Although it was felt that some issues had been addressed, many of the bingo hall managers were startled to find out that there is another review underway. This reinforced the sense that they always seemed to be "in limbo". In terms of key challenges facing AGLC and the bingo industry, the ABHMA believes that over control and over regulation are key issues to address. Clearly defining the role of partner, competitor and regulator will be essential. The ABHMA believes that they are competing desperately with casinos (in particular nickel slots), and that the people who play these machines are the same people as bingo players.

Similar to the sentiment expressed by FABA, the ABHMA believe that bingo is "the poor cousin", whereas casinos get what they want over and over again. Ultimately, they are looking for a bigger payout and quicker games, which boils down to progressives that appeal to their customers.

The ABHMA seems frustrated with the fact that people's lifestyles have changed and they are seeking out new games. Although they know that bingo needs to grow and that its revenues are declining, they can offer no concrete way to turn their fortunes around. With respect to the Charitable Model, they believe that Community Lottery Boards are not visible enough, and that people seldom hear where the money goes. They also believe that bingo players do care about where the money goes and that they play to support the charities. At this point they raised the question of what is an acceptable rate of return to a charity and whether it should be tied to the gross revenue or it should be on a sliding scale.

The ABHMA believes that their player base is being cannibalized by slot machines and to revitalize bingo might require introducing Keno (particularly if it is linked to the casinos) plus pull tickets. They believe that satellite may have ruined some special bingo games and that currently bingo is not diverse enough to attract sufficient customers. There is a sense that since bingo halls are an entertainment facility, they should be able to offer a number of different games to customers with less restrictions than is currently the case. In particular, they point to the Manitoba system in this regard, which they view as faster paced and able to entice some casino players back. They believe that in some cases there is too much regulation to protect the few weak associations and that a plan to rationalize the number of halls to guarantee a decent rate of return might be worth investigating.

1.3 The Alberta Hotel Association (AHA)

An executive discussion was held with the Alberta Hotel Association on September 6th, 2000. In addition to a summary of the meeting described below, a copy of a September 28th, 1999 document presented to the Minister of Gaming (The Gaming Room Concept) was also presented. The meeting with the AHA began with a discussion of the belief of AHA that the gaming revenue pie has to be split more equitably and that the current Charitable Model in Alberta should be changed to include VLTs. One of the central assertions of the AHA is to have the VLT revenue stream included in the Charitable Model because "without it we're under fire every day". They back up this position by stating that most Albertans do not know that gaming revenue from hotel lounges contributes to the lottery fund, which is why they are "under the gun". The AHA believes this places them on an uneven playing field relative to casino operators.

The AHA makes the point that "we are part of every community" and that their hoteliers support charities in every region of the province. They believe that there are too many layers right now in the distribution of lottery dollars back to local communities. They maintain that if revenues from operators went directly to certain community groups, the public would react more positively towards VLTs.

With respect to the issue of establishing gaming rooms, the AHA contends that Alberta is not competitive internationally and that "30% of hotel guests want to do some gaming". They believe that by creating the right atmosphere or ambience so that people do not have to leave their hotel, revenues from travellers would be generated, rather than from the local community.

They also made the point that many of the machines now in use are old and have not been updated to the extent that they should be. The AHA thinks people are getting tired of the same old game and that new games coming out of Las Vegas are much better than the games offered in Alberta.

On the topic of gambling problems or addictions, the AHA believes that it is not a major issue but that more could be done in terms of communicating the steps the AGLC and the industry are taking together to address these problems.

The AHA believes that perhaps the best potential for growth is in First Nations casinos, however, the central question is "how do you keep all of Alberta on the same level playing field"? They returned again to the issue of social capacity and concerns about limits to growth. They believe that it is better to consolidate the number of locations for VLTs because "the public doesn't want them on every corner". In this regard, they believe that getting rid of the wait list is not necessarily a good thing and that too wide a distribution of VLTs would definitely not be in the industry's best interests. Furthermore, they do not believe that the economic capacity has yet been reached and they stand by the view that gaming is perceived more as entertainment today than it was five years ago.

Touching on other forms of gaming, the AHA commented that Internet gambling is far too accessible, making control difficult. Fundamentally, they favour a balanced approach to growth and control. To the AHA this would involve having a good strategy for a full public campaign that communicates more effectively about the programs and initiatives being launched to address gaming problems.

The AHA commented that the AGLC is creating a problem with the way in which casino development is being handled. They believe that by having "only a handful of owners" controlling the industry, and the AGLC "choosing the winners and losers", problems could be created in the future. They believe that a set of minimum criteria or quality standards should be established for gaming facilities, extending beyond the simple necessities of a Class A liquor license. Finally, they wholeheartedly support establishing and maintaining an on-going communication process, perhaps even with an occasional open session with key executives. With respect to the Alberta Gaming Research Institute, there was no real awareness of who they are and what they are doing.

1.4 The Alberta Racing Corporation (ARC)

The executive discussion with representatives of the Alberta Racing Corporation (ARC) took place on September 13th, 2000 and began with a discussion of the extent of awareness of previous consultation processes. The ARC is very familiar with the details of development in the gaming sector in Alberta, and the various studies and consultations undertaken over the past five years.

The ARC understands that their issues are fairly subjective, in the sense that they represent one industry, however, they feel that every time there is an increase in gaming they fall further and further behind. They point out that whereas horse racing used to be 75% of the total gaming revenues, they are now 5% of the gaming mix. To address these challenges, they believe that racing should be dealt with by the AGLC in a coordinated strategy for expansion; otherwise horse racing revenues will continue to diminish.

In essence, the ARC would like to see an integrated gaming strategy that addresses the issues of cannibalization (in particular the perceived decrease in racing revenues as a result of VLTs and slots being introduced). They acknowledge that although this probably seems good from AGLC's perspective, they are looking at the economic impact on the racing industry and they want a managed approach that includes racing.

ARC then spent some time discussing current performance including the fact that they might come within $2 million of last year's handle and that net sales are going up. Nevertheless, they believe that their player base is getting older and they need to re-educate a younger audience. They point to the SEGA horse racing machines as an example of a product that has not helped; they believe they could have been a point of differentiation if racing entertainment centres had exclusivity for that product.

ARC believes that their real mission is to find a way to expand the interest in racing, but that the industry in Alberta has, in effect, flowed beyond them. They point to the fact that in some respects they are not in the best locations (compared to casinos choosing more central thoroughfares to locate). They spent some time discussing the issue of the teletheatre network, lamenting that while people are spending money on racing offshore, not a dollar goes to the racing industry in Alberta. They understand that part of this is related to the fact that there is not enough racing, the purses are smaller, and some of the competition (i.e. Churchill Downs, Flamboro, etc.) have created a virtual simulcast dynasty. Ultimately, they would like to see full fields with good purses but there are a number of limits to their growth, including:

- Not enough money going into the breeding business in Alberta.
- Sales in Alberta not being sufficient to breed a horse.
- Not having enough money to market effectively and compete with other forms of entertainment.
- The introduction of large, modern casinos (such as Yellowhead).
- The fact that some people in the horse racing industry are being forced to leave the province to go to Ontario or elsewhere.

- A three-year process to get new breeding stock into place which involves either a huge commitment or a huge risk.
- The belief that any further expansion of gaming will continue to hurt the racing industry.

On the issue of the social capacity for gaming in Alberta, the ARC believes that the province has not yet reached capacity and if expansion is undertaken, gaming revenues will increase. They believe that Alberta can become a true destination for gaming. With respect to balancing the demand for gaming and regulation or control of the industry, they believe that regardless of their differences with AGLC, the right balance has been struck so far. Nevertheless, they expressed disappointment that VLTs were still in neighbourhood pubs, and that the distribution network has stayed the same, rather than concentrating the distribution in fewer locations.

The most contentious issues revolved around the ARC's belief that the AGLC is simply not listening to them. Examples include their May 18th letter to the Minister, and their pleas (which they believe have gone unheeded) to let them manage the racing business. Fundamentally, they believe that some of the AGLC's decisions have "condemned racing to mediocrity". This belief that government policy has severely damaged the industry led them to call for the Racing Renewal Initiative to be reworked. They pointed out that they probably need $20 million per year to satisfy the needs of the industry, but they are only generating one-third of that amount now.

The ARC pointed to some success in terms of marketing (more people having seen their ads and holding the handle at the previous year's level). Nevertheless, they believe that they are not being allowed to do what they were supposed to do according to the original legislation covering horse racing. This strikes to the heart of the policy debate:

- What should the distribution channel be for VLTs and slot machines?
- The belief that new distribution channels will probably hurt horse racing further.
- The hope that maybe Northlands can expand if the policy allows for more VLTs or slots.
- The sense that the AGLC has chosen winners (casino operators, some VLT retailers and charities) and forgotten about the losers (horse racing and bingo).
- The belief that AGLC's policies have to allow people in the industry to grow, by providing some incentive, changes and a mix of product.

ARC spent some time discussing the Charitable Model and the fact that horse racing was supposed to be different. They believe that casino operators feel they now have a right of entitlement to make a high level of profit, whereas many of the casinos used to be run as a collection of charities. They pointed to ABS as an example of a company motivated by profit that is fast developing a monopoly position in the market. Nevertheless, the ARC does support the Charitable Model and they have no problem with how the money generated from gambling is being distributed.

The ARC was familiar with the Alberta Gaming Research Council, and even suggested some areas for them to investigate including:

- Problem gambling and policy drivers.
- How much gaming expansion is too much?
- How various forms of gaming are impacting each other.

The ARC believes that an on-going dialogue is needed to deal with issues such as Internet gambling, First Nations casinos, and the use of new technology in teletheatre or off-track betting. Up until now, they believe that many of these issues have been handled in a crisis mode, which does not enable constructive discussions to occur about marketing. They are frustrated by what they see as a lack of ideas between themselves and AGLC.

To sum up, the ARC sees their organization being isolated "much like an island". They have a deep sense of frustration that they are not being allowed to do the job they were supposed to do, and that they will not be effective in the future due to the way in which the AGLC is interpreting the current legislation.

SEGMENT TWO: LOOKING OVER AGLC'S SHOULDER

2.1 Alberta Justice

An executive discussion was held with representatives from Alberta Justice on October 2nd, 2000. Alberta Justice stated that their main concern is to maintain the integrity of the gaming industry. They pointed out that they do not participate in policy debates, but are more focused upon whether legislation is in place to ensure the sustainability of the chosen policies. In this regard, they highlighted some specific examples of questions which they are working on, including:

- Proposed Criminal Code amendments from British Columbia designed to modify the sections which legalize gambling in certain circumstances.
- The involvement of charities in electronic gaming.

Alberta Justice believes Albertans are happy with the level of enforcement currently in place, but they understand that as more players enter the market and the gaming industry becomes more complicated new systems will be needed to deal with the industry. In that regard, they believe that it is important for Alberta Justice to coordinate efforts with AGLC. On a broader level, this coordination effort should extend to include how to specifically track criminal data on the source of crime or gaming.

They returned to the issue of integrity citing the Nanaimo Bingo Association scandal in BC as an example of the "tight rope" which governments sometime walk. This is particularly true with respect to the large amounts of money now being generated. They believe that the industry has evolved from being unsophisticated to the state where it is now much more capital intensive and highly sophisticated. They discussed the issue of the limited number of casino licenses, how to make bingo more attractive, and the revenue splits for different charities and large casinos.

The issue of charity eligibility was discussed, as was the role of volunteers in a more sophisticated modern casino. They questioned whether it makes sense to have amateurs doing the job of a cashier, for instance, and whether the government is now "stretching it pretty thin" in interpreting the clause "conduct and manage". In a sense, Alberta Justice believes that the government may be too far removed from determining if an organization is worthy; they see charity eligibility as a historical problem with different departments making different decisions and various jurisdictions having a variety of interpretations. Fundamentally the question boils down to how to evaluate who should be the beneficiary.

On the issue of First Nations casinos, Alberta Justice discussed potential expansion and underlying consumer motivations for visiting a First Nations casino. They expressed some concern about the long-term ramifications of over expanding First Nations gaming on the assumption that destination-based casino marketing will work to draw large numbers of Albertans to casinos on First Nations land outside major cities.

Alberta Justice also discussed the issue of Internet gaming, in particular the debate over PEI introducing Internet gaming. Attempting to identify things that AGLC and Alberta Justice could do better, they pointed to the possibility of joint training for police forces in order to "get people on the same page". They pointed out that the RCMP downsized their commitment to gaming because it was not a priority (i.e. it was not life threatening), but that joint forces or specialization makes sense because there is so much money now involved. The key challenge, they believe, is to concentrate on protecting the business of gambling and the integrity of AGLC.

Alberta Justice also wondered if it may be desirable to have a higher profile or permanent presence in terms of inspection at casinos. They believe that currently the AGLC is not visible at all, despite acting as a resource to some of the security staff at casinos. They also point out that Alberta is the only jurisdiction in Canada without an active presence in casinos.

On the issue of the multiple license policy for VLTs, Alberta Justice believes that any effort to take machines out of current jurisdictions will probably lead to legal action. With respect to establishing gaming rooms, they raise the question of potential market saturation. They also point out the increasing dependence on revenue from VLTs in current locations and the challenges which would be faced if any redistribution was launched.

2.2 Canada West Foundation (CWF)

The executive discussion with the Canada West Foundation took place on September 12th, 2000. This session opened with CWF expressing satisfaction that they were given an opportunity to provide their viewpoint in examining the scope of gaming in Alberta. They asked a number of questions about the composition and structure of the review process, including whether or not religious organizations and organizations dealing with gambling problems were included in the consultations.

Based upon previous research they have conducted, CWF believes that there is a broad consensus on the need for public consultation in Alberta prior to any expansion of gaming. Once again, they focused on the process that would be put into place for such a consultation, expressing their desire for public meetings and discussions and perhaps "deliberative polling". Deliberative polling was summarized as gathering a cross section of ordinary citizens over a two or three day period, providing them with the best resource people (including advocates on both sides), and seeing what kind of consensus emerges. CWF believes that while the downside to such a process is its expense, the upside is the end result: a summary of "reasoned" opinion.

Senior representatives of CWF were unaware that revenues generated from gaming were no longer going to general revenues. They believe that a much larger proportion of money generated should be spent on education and treatment, including perhaps advertising to inform Albertans about why they should or should not gamble. The emphasis, they believe, should be placed on being responsible.

CWF discussed the role of the Alberta Gaming Research Institute (AGRI). They were very familiar with a number of the key people involved. Some of the issues which they believe the AGRI should focus on include determining the total social costs/benefits and debating different models for incorporating public input. They even suggested investigating if municipalities might have a say in supporting or opposing gaming on a plebiscite basis, as is the case in Ontario.

The primary challenge CWF sees facing the AGLC is credibility. They explained that the reason they are so focused on process is that they believe that the process (of being open and accountable) is important to establishing AGLC's credibility. For instance, if the AGLC is seen as the arena of "the advocates", they may represent special interests rather than the public interest.

On the topic of Internet gambling, they express concerns that if Internet gambling were introduced in Alberta, the province would be an exporter of social costs. They do understand that sports betting promises the greatest potential on the Internet, but that a number of social, political and economic factors need to be considered.

The CWF believes that Alberta's status as the only Charitable Model of Gaming in Canada is very important. To them, this underpins the integrity of the entire industry. They mentioned that they have studied the charitable sector in detail, and that charities fear change. They went on to point out that a Direct Access Funding Model such as BC is not as good as Alberta's Charitable Model because in Alberta charities enjoy the ability to direct the revenue. CWF believes that the Charitable Model, and the direct involvement of volunteers and charities in the process, is important in keeping the system "as transparent as possible".

They summed up the meeting by suggesting that Alberta produce some kind of report on the annual state of gambling in the province perhaps modelled after the annual Harrah's Report. They believe such a report for the current year could be a good forum to discuss First Nations casinos and how the government proposes to equitably and responsibly develop First Nations casinos.

2.3 Alberta Alcohol and Drug Abuse Commission (AADAC)

An executive discussion was held with representatives of AADAC on September 14th, 2000. The key issues AADAC identified that they felt AGLC must address include:

- How AGLC will reconcile being promoter, regulator and profiteer from gaming.
- How Albertans' attitudes are changing towards gaming, not just the amount of money spent on gaming.
- The need to visibly identify concerns about problem gambling in Alberta.

AADAC believes that it is natural for people in the province to focus upon the positive benefits derived from the money generated by gaming, but they also believe that it is time to acknowledge and give weight to the other side of the issue: addiction. They believe that a more balanced way of putting this forward would be to identify competing interests (industry, government, people with social concerns, charities) and examine how they feel about various different issues.

One of the key topics raised by AADAC was First Nations casinos. AADAC has some concerns about First Nations being designated as both the charity and the operator, since they believe that other people in the industry and the public at large will view it as a potentially divisive issue. AADAC also stressed the need for balancing the economic and social capacity of Alberta when considering growth. AADAC believes it is important to invite all participants to the table to share in the responsibility of determining appropriate policy. They expressed support for the stakeholder consultation process because they understand the importance of establishing on-going consultations with the various parties.

AADAC also believes that the industry and AGLC have to be jointly involved in taking responsibility for problem gambling. Organizing and delivering problem gambling training techniques and clarifying various roles are part of that shared responsibility. Fundamentally, they expect AGLC to assure a certain level of quality; in other words protect the public interest and uphold the integrity of the organization, which they believe is currently high.

The most important challenge AADAC identifies from the growth in the industry is the increase in demands for prevention, intervention and research. They do not believe that capacity has been reached, however, they do sense that Alberta is at "a novice stage" of funding for education, prevention and treatment programs. They spent some time discussing various strategies for measuring gambling problem prevalence and targeting high risk groups (such as young adult males). They acknowledge that they could be doing a better job of monitoring and sharing information with other problem gambling associations such as Gambler's Anonymous.

The issue of addiction was discussed at length, in particular the challenges associated with cross-addiction and the potential problems which might emerge as a result of introducing First Nations casinos. With respect to First Nations casinos, they point to the experience of the American Native gaming industry and expressed the hope that a dedicated set of funds would be set aside to address potential First Nations problem gambling. AADAC strongly believes in stakeholder consultation, and they encouraged the AGLC to continue consulting with stakeholders in order to be aware of decisions about to be made and to help balance the demand for growth and social responsibility.

AADAC underlined the need to be strategic in the government's approach to providing resources for problem gambling (rather than simply setting aside a certain percentage of the revenues). They worried about the potential for the emergence of a parallel system for dealing with Native problem gambling that might ignore the commonly built infrastructure in the province. They point out that they are working toward normalization and integration in a holistic approach alongside existing agencies. They stress that they look at addiction broadly, not in isolation, and therefore the major concerns or potential problems which they identify are:

- Addressing the issue of availability (they believe that increased access to multiple locations for gambling creates more of a problem than concentrating some of these opportunities for gambling in fewer locations).

- Internet gambling, which they see as a huge potential problem, but they admit that they are virtually helpless to control it.

Similar to other organizations consulted, AADAC believes that there should be more money spent to inform and educate Albertans, not only about where the money goes but also where people can go for help. They stress that in order to have a reasoned informed and reasonable debate about the sustainability of the gambling industry, AGLC's role will be primarily one of quality assurance. This will involve anticipating growth in player demand while still maintaining integrity in regulating the industry and dealing with problems.

They identified the Alberta Gaming Research Institute as an idea which holds great promise, however, they believe that this organization might further complicate or delay action on problem gambling. Drawing upon their own organization, they believe it will be important to identify indicators of success (in their case caseloads and call levels) for the AGRI.

On the issue of new games, AADAC questioned whether the attractiveness of new games simply moves money around rather than drawing more players into the market. They expect new games to be introduced because they realize that consumers like change and new products, however, they are concerned about who they believe is being targeted. They mentioned the Quebec example of an interactive CD which they believe introduces gambling to young people. They also point out that electronic games have greater appeal among young people and this could pose problems in the future. Nevertheless, they maintain that rather than acting as a prohibitionist organization, they aim to promote an individual's sense of responsibility in dealing with alcohol or gambling. To AADAC this means having the resources to provide information so that people have options to make a personal choice in changing their own behaviour.

2.4 The Canadian Foundation on Compulsive Gambling (CFCG)

An executive discussion was held with the Canadian Foundation on Compulsive Gambling on October 11th, 2000. They exhibited very little awareness of the stakeholder consultation process, and although they were involved in the Medicine Hat Summit in 1998, they were disappointed with the results because they felt they were not allowed to specifically discuss VLTs. In terms of consultation, they pointed out that they have an annual stakeholders meeting with AADAC which seeks to help problem gamblers, and that some of the gambling industry are now coming to the meetings. They also met recently with the Alberta Gaming Industry Association in Red Deer to discuss how to help problem gamblers.

They described at length the work that the foundation does in high schools, workplaces and churches to discuss compulsive gambling including:

- 330 presentations last year.
- Their desire to expand beyond the Edmonton area.
- The lack of funds to expand to Calgary despite the need.

The key concern for the CFCG is receiving more funding for problem detection and treatment. They pointed out that they have been turned down numerous times by AADAC in applications to develop or deliver new programs. They also pointed out the need for a safe house or halfway houses for after care and the lack of a treatment centre in Edmonton. They believe that treatment never ends and “unless you’ve been there you can’t understand it”. Therefore, they believe that they could play a more prominent role in helping address compulsive gambling if their funding was increased.

The Foundation thinks that AADAC protects the empire they have built and that more should be done to privatize delivery of treatment and prevention programs to independent organizations like themselves. They pointed out an inconsistency: AADAC does the counselling and treatment but wants the Foundation to do the outreach and education. However, the Foundation does not have enough money to expand their services.

Their concern about lack of funding is growing stronger as the perceived need for information grows along with the revenues being generated in the industry. As they put it, “why not take more than $3 million and put it towards information and education when $925 million is being generated?”

On a policy front, the Foundation would like to see the government remove VLTs from bars and restaurants and put them in casinos in order to restrict access to gaming. They believe that self-exclusion does not work because it does not apply to VLTs. The problem is made worse by the perception that every day gambling is promoted: for instance, ads for 6/49 on the front page of the newspapers. Ultimately, they think that more could be done to explain potential problems and the fact that gambling could be harmful to people.

The Foundation is concerned about First Nations casinos, since they believe that they will lead to heightened gambling problems and other associated problems with liquor or drugs. They expressed deep concern that while they are unable to get their message out (due to lack of funding), the advertising for the lottery industry is rampant. They point out that kids can go to the corner store and see lottery tickets displayed and that Sports Select has successfully targeted male youths. On the other hand, there is no room for them to place material at such locations.

They realize that basically it comes down to money. They do not have enough money to get their message out and even organizations dealing with some of the potential fall out from gambling (such as the Edmonton Police) have to reduce their numbers based on lack of funding. They also think that more people would consult the Foundation if they knew it was staffed by people who had encountered problems with gambling previously.

The biggest challenge they identify is the fact that the government, in effect, has become addicted to gambling. They see it as a hidden tax on people who cannot afford it. Although they do not think there is anything inherently evil about gambling, when it starts to hurt people they believe that a stand should be taken.

Access to money in locations where gambling occurs is another key concern for the Foundation. They think it is far too easy to get money when there is a bank machine right next to VLTs or cash machines in casinos.

They stressed that they are not for or against gambling, but that they merely promote responsibility and part of that responsibility is taking care of people who are "victimized". They maintain that while casinos may be slightly better than having a lot of VLTs distributed throughout the province, they think the government should start to slowly remove VLTs. This is based on the premise that VLTs are too accessible and represent hard-core gambling.

They would like to see more research done through the Alberta Gaming Research Institute; however, they think it important that the government wait for the outcome of consultations like this one before proceeding with expansion.

With respect to some specific games, Keno in bingo halls is viewed by the Foundation as an expansion of electronic gaming which would raise the prospect of underage kids playing bingo. They also think that the Internet is a very large problem and that steps should be taken by government to try to control it. Fundamentally, they would like to see resources to help prevent problem gambling and they think that the AGLC could start by looking closer at the Medicine Hat Summit recommendations.

2.5 Agricultural Associations

Executive discussions were held with six agricultural associations or exhibitions including:

- The two large fairs:
    - Northlands (September 6th, 2000)
    - Calgary Stampede (September 12th, 2000)
- Three mid-sized exhibitions:
    - Lethbridge (September 25th, 2000)
    - Camrose (September 21st, 2000)
    - Evergreen Park in Grande Prairie (September 27th, 2000)
- 1 small agricultural society:
    - Stony Plain

In general, Agricultural Associations were well informed about changes in the gaming industry. Given the ground breaking role which horse racing and lotteries at major fairs played in the initial growth of the industry in Alberta, it is not surprising to find these association speak in terms of being an industry founder. For the most part, they view AGLC in a respectful but cautious manner, since they believe that they helped spawn the organization in the first place.

This sense of ownership of the industry leads many agricultural associations to assume they have a "right" to a large share of gaming proceeds. Regardless of how each organization couched their requests for funding (whether as an inherent right or a demonstrated need for a good cause), securing money from the AGLC/Lottery fund was their top priority.

Northlands (September 6th, 2000)

Northlands began the meeting by emphasizing the vital role the organization has played developing the gaming industry since 1908. This "founder legacy" includes establishing the first casino in Alberta in 1967. They believe the current grants they receive stem in part from this legacy.

Northlands is quite knowledgeable about previous consultation processes, but they expressed some concern about not being asked for input on First Nations casinos and the bingo review.

Main challenges they see facing the AGLC include:

- Ensuring equitable charity access to revenues.
- Dealing with the growth of slots and VLT revenue; they think a few mistakes were made in rolling out VLTs initially.
- Addressing the defacto dominance of ABS in the market; they appreciate their professionalism in working with Northlands as a partner, but they see them as the only player capable of such support in the province.
- Taking advantage of the growth potential for electronic gaming (i.e. building more interactive games and having more effective promotions).
- Putting racing back on track.

The main limits to growth they identify are primarily political; they see problems raised in the media as fairly minor, and they think AGLC is doing well in responding to concerns about social capacity for gaming (including funding treatment and prevention programs). They believe social concerns about VLTs have "reached the high water mark" and are now receding, and they credit the AGLC with doing a "very good job" on that front. Since they hold AGLC's integrity in high regard, they wonder why the delay in providing more slot machines (which they think the public sees no problem with).

Northlands says they need a commitment to more slot machines in order to help revitalize the racing industry. They back up their request with the assertion that control of VLTs/slots would be much greater if there were fewer locations. After all, they say, the AGLC and Northlands exist to serve the public. To better serve the public they feel it will be necessary to:

- Communicate more effectively with the public about the plan for community decision making regarding lottery proceeds.
- Raise awareness of where the money goes.

- Balance the demands for further private sector growth in gaming and the need to control the growth for the public good.
- Help Northlands address some of its tactical challenges.

The tactical challenges they identified include:

- Having more timely technical support to avoid machine down time.
- More sophisticated analysis of game mix, machine placement/ configuration.
- Resolving concerns about the SEGA horse racing game.
- Instituting some type of customer relationship management system to track and reward players.

Finally, Northlands believes that:

- Gaming rooms in hotels will not work successfully.
- Native gaming will not affect current casinos.
- The multiple license policy makes no sense.
- Fewer locations with more machines would work better than the current system.

Calgary Stampede (September 12th, 2000)

The Stampede has made a number of previous submissions to the AGLC, including to the Judy Gordon Committee as far back as 1995. The first issue they raised was how to accurately define who a charity is. They believe that due to a lack of performance measurement some charities doing work of little or no proven value are getting the same funding as charities doing great work.

As the Stampede sees it, AGLC's main challenge is keeping everyone in the industry happy. They believe the industry in Alberta is doing well, particularly as a result of the introduction of VLTs and then slots, but those changes have not occurred without cost, such as:

- Their own casino's relatively poor performance (which they relate to location).
- Horse racing's continued decline.

They seem to believe the capacity exists to build another one or two large destination casinos in Calgary (to attract Americans, Japanese and other tourists), but they also recognize there are sizeable social issues such as addiction. The Stampede believes tourism in the major cities and province would have benefited from the development of a restricted number of destination casinos at the initial casino introduction stage. They also believe the existing charitable model for casino operations does not lend itself to the introduction of the destination casino concept, which would require a review of revenue sharing arrangements. While there may be capacity to add destination casinos in the larger markets, the Stampede believes existing casinos would suffer if such casinos were introduced based on a non-level playing field.

They attribute most of the negative media coverage of gaming to VLTs being "too much in peoples' faces". Nevertheless, they see great potential for industry expansion if it is done properly, which they think means telling Albertans about the role of volunteer boards for charities investing the revenues back into communities. They also wish AGLC would play more of an oversight role, independent of government.

Generally, they give the AGLC good marks for balancing the demands of growth and its social responsibilities. Nevertheless, they think now is a time for the province to step back and re-examine the industry since the province no longer needs the money as much as it did initially. They also reiterated their assertion that they deserve some type of royalty for "being there" when gaming was started.

Mistakes AGLC could rectify include:

- Reinstating their exclusive license for casino gambling during the Stampede.
- Spending more money to inform people about lottery proceeds and the role of Community Lottery Boards.
- Shifting the media/public focus to the good things gaming revenues fund, rather than concentrating on the total amount of revenues generated.
- Dedicating more money to AADAC and other prevention and treatment initiatives.

They see progress being made on a number of these fronts, including AADAC funding and convening regular security/enforcement meetings.

Finally, they seek greater consistency from AGLC in terms of:

- Seeking input from stakeholders.
- Applying existing policies.
- Communicating pending changes.
- Developing policies on new gaming such as Internet gambling.
- The way in which Stampede receives funding through the Lottery Fund and the Community Lottery Board.

Lethbridge Exhibition (September 25th, 2000)

Lethbridge Exhibition initially asked a number of questions about how much revenue is generated in Alberta and where the money goes. Clearly there needs to be more communication on a number of fronts, judging from the lack of knowledge of proceed distribution or the consultation process (which they support).

The main challenges they identify are:

- Resolving the role of the private sector in the industry (what kinds of guidelines/criteria are there?).
- Developing guidelines for Community Lottery Boards to distribute funds (for instance they were turned down for capital funds because they had a "healthy balance sheet".
- Dealing with the growth in demand, in particular racing entertainment centres and efforts to benefit/stimulate live racing.
- People becoming more conscious of addictions as a limit to growth.

They believe that they often "get forgotten" because of their status as a B-circuit track. They think there is probably a saturation point for gambling, but that it has not been reached yet. AGLC's efforts to balance growth and responsibility are rated poorly by Lethbridge Exhibition because to them "it seems to have gone wild lately". As a result, they think that now is a good time for the province to draw back and "assess what we're doing".

They returned to their initial questions about where the money goes, expressing concern that the public knows very little about it and they were told not to promote the fact the Lethbridge Exhibition receives lottery money. The Exhibition looked at other fairs which received money and questioned why they them (i.e. Red Deer) and not us. In this regard, they believe the lack of a convention and visitors bureau hurts them.

They are not in favour of having separate First Nations casinos because they believe in having a level playing field. On other issues the Lethbridge Exhibition believes that:

- Moving VLTs into gaming rooms might be a good idea because "if you can't make it [as a lounge/bar] without VLTs, maybe you shouldn't be in business".
- The province should be proud of the Charitable Gaming Model because in most other states/provinces the money goes to the government or the private sector, and not to charities.

- The AGLC listens well to industry input, but faces challenges in consistently applying policies, for instance in grandfathering for Calgary and Edmonton fairs, and still trying to treat other fairs equitably.
- The province might want to examine when and how to get involved in Internet gambling to maintain some control and keep money in the province over the next 10 years.
- Electronic Bingo might be a good idea to help the bingo industry.
- Lethbridge often gets forgotten, both in terms of gaming issues and in the equally important area of tourism development.

Camrose Regional Exhibition (September 21st, 2000)

Camrose was aware of the review and had sent correspondence to the Minister regarding an application for a permanent casino and major capital funding program. They see the main challenges for AGLC as:

- Managing the growth in revenues (which they think AGLC has done a good job with so far).
- Addressing public concerns (such as addiction problems) effectively.
- Rectifying some of their technical issues with slot machines (i.e. not having tech support on site).
- The growth that will occur if the VLT cap is removed.

They also pointed out they have a really good relationship with AGLC staff and inspectors. They believe the public would react positively to issuing them a casino license because they operate as a not-for-profit organization, they distribute funds in the community and they add value in tourism to Camrose and area.

They see the growth in consumer spending on gaming continuing and they think it is better to keep some of that money in the community rather than having people (such as seniors) spend it in places like the Dakotas or Regina.

In the past 2-3 years they have witnessed a positive change in tolerance toward gambling in the region, despite the opposition of some small vocal religious groups. To further reinforce this trend they support AGLC spending money to tell Albertans about lottery proceed distribution. They maintain that to keep gaming revenues growing a concerted "selling job" about the benefits is required. This means paying attention to potential social costs, which they think AGLC is doing well now.

Camrose Exhibition also noted:

- The possible introduction of hotel gaming rooms would reinforce their case for a casino license.
- First Nations casinos probably would not affect them.
- They are concerned about the downloading of services from the province to municipalities, which increases the pressure on charities to do more social programs.
- Without the Charitable Gaming Model "we'd be in real trouble".
- More gaming revenue would be directly targeted to local charities (in a more visible way).
- Tightening charity eligibility guidelines is advisable, and AGLC should have an education process about who qualifies and why.
- They would like AGLC's help in gearing up for the 202 Alberta Summer Games.
- Why are non-profits paying for a license if Alberta is making one billion dollars from gaming?
- AGLC is obliged to get involved in resolving the status of horse racing in the gaming mix and ensuring the Racing Renewal Initiative benefits everyone.

Finally, they suggested AGLC consider convening a permanent advisory board from throughout the province (rural and urban) as an easy low cost way to get on-going feedback and disseminate information from AGLC to local communities.

Evergreen Park (Grande Prairie – September 27th, 2000)

Evergreen Park was unfamiliar with the licensing policy review until the meeting was established, but they were involved in the Medicine Hat Summit. Fundamental issues for Evergreen are:

- Not developing a parallel process for Native Gaming or bingo (they do not believe in special status for anyone).
- Improving methods for distributing the Lottery Fund (but not through local Community Lottery Boards because they become too politicized).
- Clarifying the criteria for fund distribution to Community Lottery Boards.
- Dealing effectively with growth in demand for gaming (such as slots).
- Being able to operate machines on "dark days" during the summer (when there are sufficient people to make it profitable).

- Becoming more self-sufficient by building a convention centre and having slot machines operational throughout the summer, not just on race weekends.
- Improving the quality/newness of the machines.

They also believe concerns about social problems/capacity are overrated, due to some church groups raising attention to these issues. They see more tolerance now for gaming in the community than in the past, and they think the AGLC should:

- Publicize what they are doing on prevention and treatment.
- Promote where the money goes.
- Recognize Exhibitions' role/rights in starting gaming in the province.
- Allocate separate money for agricultural societies because they helped put the infrastructure for the Charitable Model into place.
- Put facts about the Lottery Fund in the paper.
- Address their concerns about First Nations casinos.
- Continue consultation efforts like this in future years.

Stony Plain Agricultural Society

As one of the smaller rural Agricultural Associations, Stony Plain feels like it is "outside the fence looking in compared to other bigger Ag societies". While they had heard of the Licensing policy Review, they had little awareness of any of the other consultations which had taken place.

Being situated in Stony Plain, which voted out VLTs, they feel "really caught up in the moral issues of gambling". The moral conflict centres on the fact they depend on gaming money ("it keeps us going") but they know the community has serious social and moral concerns. Their concerns are:

- The potential of a Native casino going into Enoch.
- The disparity between rural and urban charities (due to higher revenues per event in the city they see urban casinos as "a pot of gold rural areas can't get at").
- The long-term implications of the government becoming wealthy (and dependent) from gaming revenues.
- Ensuring gaming revenues go to the most deserving causes (such as food banks and children's services).
- Adapting to changing player demands (bingo wanting Keno or electronic bingo to compete against VLTs).
- Each Community Lottery Board having different rules for granting money.

They believe the marketplace will determine the limits to growth and that placing caps on certain games will have no effect as long as there are people with disposable income to keep playing. On the issue of social capacity, Stony Plain Agricultural Society thinks that most people want the proceeds (and have no problem applying for funding) but they want gaming hidden. They think the AGLC has done "reasonably well" in balancing growth and social responsibility, saying, "it could have exploded" in the government's face.

They returned to their complaint that most of rural Albertans cannot access the bulk of the dollars being spent in casinos, pointing out the irony that gambling prohibitionists are concentrated in rural Alberta where the "tangible benefits" from gambling are lowest. They lament the situation they find themselves in: they cannot come up with enough capital spending projects to receive matching funds so they do not get very much money. "All I can access is bingo and a casino once every two years".

They fear that while gaming revenue is increasing "the little guys out here are dying," and wish there were a better way for some of this money to be made available to smaller organizations. They also worry about charity eligibility (to ensure the most deserving charities get the cash) and they wonder how First Nations casinos could be run to ensure a level playing field (i.e. not allowing Native groups to be both charity and operator).

2.6 Salvation Army (October 25, 2000)

The Salvation Army representatives noted that their national ethics policy:

- Prohibits them from being associated with gambling in any form.
- Requires strict adherence to the fund raising code of ethics.

They started the consultation by commenting that the number of families in crisis due to addiction has been increasing in Alberta recently. Pinpointing how many of those cases were caused by gambling is very difficult because they "serve our clients with dignity, so we don't ask why".

They admit that while casinos and VLTs are very addictive, "gaming is here to stay" in Alberta. They were unaware of how much money was generated from gambling and had even less knowledge about where gaming proceeds went. They asked a number of questions about what percentage of proceeds are directed toward treatment and prevention, suggesting that 3% to 5% might be an appropriate amount.

The Salvation Army welcomed the consultation, noting that the invitation to meet with the AGLC stimulated a lot of interest in examining their policies and practices in dealing with problems caused by gambling. They believe AGLC has not yet struck the right balance in terms of the amount of money reinvested back into programs for families. They also expressed some concern about charity eligibility (i.e., who qualifies for funding and how that is determined).

They pointed out that the Salvation Army is not recommending prohibition of gambling ("we can't even get prohibition of smoking in restaurants"). They simply think the government needs to be more responsible for the social harm caused by gambling: "we're raking in a billion dollars ... how much is being spent to deal with problems?" They concluded that "we're human. There will always be the desire to have more than we currently have - that's what motivates people to gamble ... that's why the government needs to be responsible."

SEGMENT 3: FAIRLY CRITICAL (SHOULDERING MOST OF THE IMPACT)

3.1 Municipalities

A total of five in-person consultations were held with municipalities between September 5th and 29th, 2000.

Alberta Association of Municipal Districts and Counties (AAMDC)

The AAMDC noted that VLTs are now an important component in many communities because the value of some small hotels or lounges is based on VLT revenue. As a result they think AGLC should show sensitivity to the VLT revenue stream and the importance of maintaining the network. Some of the concerns they expressed were:

- How AGLC plans to deal with the legal wrangling over implementing VLT votes in some communities.
- The potential impact on rural municipalities of Native Casino expansion (i.e. increased costs for roads and social services).
- Maintaining the credibility and integrity of the Charitable Model.
- Ensuring the revenue stream for charities in outlying areas from things like Nevada tickets (so that groups like Nevada tickets (so that groups like Legions and Kinsmen will not need to turn to local municipal councils for funding support).

The AAMDC believes there is a growing acceptance of gambling in general and VLTs in particular in Alberta, but they think support could be further strengthened by:

- Making proceed distribution more transparent.
- Ensuring rural areas get their fair share of the gaming revenues (they pointed out that as rural communities start to rebuild - i.e. Bragg Creek community hall - they need equal access to the level of funds available through busy urban casinos).
- Addressing addiction problems (which they think are more visible in small communities).
- Clarifying how the government raises and spends gambling revenues (which they know will be an emotional issues because of debates about whether certain types of expenditures – i.e. hospital equipment – should came from gambling revenues or from general revenues).
- Spending more on public education programs (showing Albertans where the money goes).

The AAMDC believes gambling problems are more easily identifiable than most people think. They point out they do not represent their members on issues concerning the morality of gaming. Nevertheless, they can speak in favour of more fair equitable access of rural communities and small municipalities to proceeds from gaming. They acknowledge that there is likely to be more gaming expansion ("because the government is very industry driven") but that they would like to see access to gaming funds for small communities written into policy. In that way gaming revenues will not be subject to change due to political reasons.

City of Edmonton

The Mayor was quite supportive of the process of consulting stakeholders and was generally positive toward the expansion of gaming facilities in Edmonton. Similar to most municipalities, there was little exact knowledge or awareness of how the industry is currently structured, what the scope is, or where the bulk of gaming proceeds go.

Discussion initially focused on issues of establishing better co-ordination between AGLC and Edmonton regarding zoning and licensing applications. As Mayor Smith put it: "We have a dilemma – we don't have all the information we need on some applications."

Concerns were expressed by social services about how to better tie distribution of proceeds to the municipality to offset the perceived cost (i.e. "we tend to have higher spending in Edmonton, and we need to deal with the problems"). Questions were also raised about how to collect data to measure the potential impact on charities of bingos getting less revenue now that VLTs and casinos are seemingly cannibalizing players.

The issue of administrative support for Edmonton's Community Lottery Board also arose. The concern was that Edmonton City Council had funded an administrative shortfall for two years running (in the range of $50,000) which really should be absorbed by the AGLC.

Although it was acknowledged gambling can cause some problems, the Mayor was of the opinion that it is "a huge plus for the City" ("Big cities handle it....my advice would be to get off the fence and start talking positively about the economic impact. People like to gamble, and I like it from an economic point of view").

Others around the table agreed that a lot of good causes are supported through the Lottery Fund, but reservations were expressed about keeping security and safety high as the industry expands. Further to this point, the view was expressed that "gambling belongs in casinos", and VLTs should be removed from bars because "to go to a casino takes an effort...to gamble on a VLT at a neighborhood pub doesn't".

Discussion shifted to the issue of the stringency and thoroughness of security checks for potential casino owners. Assurances of the integrity of the process were given, but the Mayor recommended making the rigorous process more visible to the public.

On the issue of First Nations Gaming, the Mayor asked, "Why should they be treated any differently?" The sentiment that First Nations should "play by the same rules" as other casino operators was echoed consistently throughout all other consultations across the entire spectrum of stakeholder groups.

The issue of utilizing casino expansion to stimulate business growth for hotels/conference centers was discussed, with the Mayor noting that he personally thought small casinos in hotels could be a good idea, particularly if such a project was linked to convention facility expansion.

Suggestions were made to deal proactively with the Community Lottery Board administrative expenses, as well as AGLC and municipalities working more closely together to have a process "that helps us both deal with potential casino expansion".

In closing, the Mayor noted that AGLC "should tell its story better...the two Big Cities are the key and sitting down and working together is really important". A suggestion was made to have people from Planning, AGLC, and senior City Managers sit down and discuss issues of gaming regularly once a year.

City of Calgary

The City of Calgary identified a number of concerns including:

- The potential impact of having to deal with social costs and infrastructure costs related to the Tsuu T'ina Casino development. They think there should be some way for AGLC to help offset costs.
- Employee addiction or problems caused internally.
- The sense that City Council is opposed to new casino development, even an upscale casino.
- Developer buying land with plans for casinos and then playing the City off against the AGLC/government.
- The status of Resortport and racing entertainment centres in general.
- Tightening/clarifying charity eligibility guidelines (i.e. should the Tsuu T'ina be a charity; is there a mechanism for tracking how they spend their charity money?).

Much of the conversation focused on clarifying the status of various types of gaming activities and addressing the issue of fairness and consistency. Fairness of proceed distribution was raised, including:

- Ensuring that worthy, needy groups get funding despite not being well organized in how to apply for Community Lottery Board funding.
- Having a level playing field between Native casinos and other casinos.

The issue of consistency involved:

- Consistently applying rules between Calgary and an adjacent native community (in term of what type of entertainment is allowed).
- Telling people more consistently about where the money goes, so there will be more support on an on-going basis.
- Continuing AGLC's good job in regulating the gaming industry.
- Giving the public a better understanding of how Community Lottery Boards work and how to apply for funds.

The City of Calgary thinks AGLC could be doing a much better job communicating how much money is being raised, who it is going to support, and how those decisions are made. They also think AGLC could improve efforts to work together in partnership with municipalities on zoning issues related to gaming applications. They welcome increased consultations so the province and each city will better understand their respective positions.

Similar to other municipalities, Calgary raised the issue of not being compensated sufficiently to deal with some of the costs of increased gambling (including infrastructures, policing and social costs).

There was also a sense that Calgary is unique in that it conducts an annual census and therefore could work with the AGLC to come up with a few questions to determine the impact of gambling. The cost of adding questions was estimated at $18,000, and it was thought they could include demographic questions profiling who gambles.

On the whole, Calgary thought the AGLC was doing a good job balancing growth and social responsibility, but needed to help Community Lottery Boards get greater recognition. They also sought more data comparing the extent of gambling problems by jurisdiction was needed.

Finally, Calgary expressed satisfaction with the current consultation process, and mentioned they would like to sit down again with AGLC senior management to review the report with City staff and elected officials.

City of Grande Prairie

The City of Grande Prairie began by discussing a number of liquor related issues, then identified some of their key gaming concerns as:

- Racing entertainment centres.
- First Nations casinos (and ensuring a level playing field with other operators).
- Impact of the VLT plebiscite.
- Need to study the social and economic impacts more carefully.

Grande Prairie sees itself as a major regional hub, where increasing numbers of people from the 200,000+ drawing area in BC and Alberta come to shop and gamble. They are open to the concept of having casinos with convention/hotel facilities that would act as another element attracting traffic and tourism dollars to the city. They believe the entertainment "angle" is very important; i.e., making gaming facilities with the right ambience and full service entertainment offerings to attract people from outside the community.

Grande Prairie also thinks that if VLT revenues went more directly to charities it would help strengthen support for them. They strongly support the Charitable Model, and in the case of VLTs think it should be expanded if possible. In their view, there should be room in the growing gaming business for both the big quality players and "the smaller guys".

They think that although there is now a bit better knowledge of where proceeds go, the AGLC could do a better job in reinforcing "how fortunate we are" to have such a revenue stream. They also think AGLC could improve by:

- Putting more money into problem identification and treatment, through AADAC.
- Educating Albertans about gaming benefits.
- Putting same rules for Native casinos in place as there are for other casinos.
- Allowing private sector to continue to bid to build better casinos, offering a nicer experience on a more professional level.

The fundamental principles Grande Prairie thinks AGLC should focus upon are to keep the industry fair and clean. Only in this way do they believe the social, fiscal and political capacity of the industry will be maximized. They applaud AGLC's efforts so far, noting "it's good to see you're out there doing this type of work already".

Red Deer Municipality

The City of Red Deer expressed concern about the rapid expansion of gaming in Alberta, citing results from VLT plebiscites in recent years in which the public appeared split on the issue of retaining or removing the terminals from their communities. It was felt that more public involvement in the approval process for licences, such as public hearings, would give Albertans greater opportunities for direct input and would allow the Commission to better understand community support or lack of support, for licence applications. It was also felt such hearings should be held in the community where the licensee will operate.

The city sees its role as dealing only with land use issues related to a gaming establishment, consistent with the Municipal Government Act. Such issues include appropriate zoning for casinos, traffic noise, and other impacts on adjoining neighbourhood properties. The city views the province as continuing in its role to license such establishments because it believes the province has the capacity to deal with the negative social impacts in the communities.

The city supports and recommends that the province increase funding to deal with the negative aspects of gambling. It was also felt that an extensive social impact analysis should be undertaken to give Albertans sound research and information on the effects of gambling. The city believes such analysis would form the basis for sound policy development and help determine the direction of gaming well into the future.

They support AGLC's consultation efforts and would like to have more opportunities to provide feedback to the Ministry on policy while it is being developed.

3.2 Police Services

Five executive consultations were held with the following police services between September 14th and October 2nd, 2000:

RCMP	September 14th, 2000
Edmonton	September 14th, 2000
Lethbridge	September 25th, 2000
Medicine Hat	October 2nd, 2000
Calgary	October 9th, 2000

RCMP

Representatives of the RCMP commented that this is the first time they had been asked for their input on gaming issues. They welcomed the opportunity to respond. First they raised a number of questions about the expansion of gaming, including:

- Do we know the impact of gaming that is already in place?
- How can we assess the impact of future expansion?
- How should/could we separate changes related to gaming from other issues (i.e., the increase in VLTs occurred at the same time liquor hours were lengthened)?
- What is the best way to capture information about the impact of gaming on families, including anecdotal feedback about spousal abuse or suicides (they thought maybe Victim Services could look into it)?
- Are social problems on reserves going to increase if casinos are introduced?
- Has anybody been able to accurately measure the impact/cost of gaming? (They suggested maybe the University of Alberta should look into it, but were pleasantly surprised to hear of the Alberta Gaming Research Institute.)

The RCMP believe it would be wise to ask local commanders (the people on the “front lines”) about the impact of gambling. From this input, they think Alberta may be able to address the question of whether we are at the saturation point yet. Ultimately, they would like to see better information on the social impact and understand more about public opinion on the topic.

They spoke at some length of the potential negative impact of gaming to damage the social fabric, and the effect this might have on community policing efforts. They suggested widening these consultations to include the Association of Chiefs of Police, in order to sensitize various forces to gaming issues. Part of the challenge they see is in facilitating more discussion and creating the right questions to ask.

Another challenge they identified is striking the right balance between demands for growth and social responsibility, which they feel requires having the proper information and presenting a full cost benefit analysis. This could involve a longitudinal study over many years.

They pointed out that the RCMP used to have dedicated gaming units, but no longer does, despite an increase in gaming activities. They note that gathering intelligence data on gaming requires resources which means having the government set its priorities. If investigating illegal gaming activity is a priority, then more resources for policing will be required. They cite Ontario as an example of a jurisdiction with a dedicated illegal gaming unit, but "there's nothing like that here". The RCMP notes that gambling issues are provincial but Alberta does not put any money directly into policing it.

They express concern about the potential for First Nations casinos to be "a powder keg". Further consultation and cooperation between police forces on and off reserves will be necessary to address the concerns, they feel.

They would be pleased to see AGLC initiate an exchange of information on gaming across forces. Such a forum could discuss both operational issues and strategic issues.

Edmonton Police Service (EPS)

The EPS believes that gaming touches on so many things that it is tough to say what the total impact is. They believe much can be learned from the US experience ("we're 6-10 years behind the Americans"). Similar to the RCMP and other police services, the EPS sees a need for better collection and analysis of data on gambling.

They question how anyone can accurately qualify and quantify the impact unless the province collects or obtains the necessary information.

They question how much the province wants to pay to deal with the cost of increased gambling. They point to new or expanded casino facilities and the potential for increased traffic problems, issues with crowd behaviour, and therefore, increased workloads for EPS, which is already stretched. EPS also raised the question of whether police should be directly involved in casino security (as is the case in Ontario). They fear the inevitable spin-offs of more casinos will be increased loan sharking, drug dealing and associated violent crime that extend beyond the casino facility itself. Despite these challenges, the EPS believes the demand for police services as a result of gaming expansion should be estimated before expansion occurs. Among other things, they realize the City of Edmonton does not have the money to meet its commitments, "so law enforcement will suffer". They point out that "clearing up the mess [associated with gaming] is a lot more tedious and expensive than bringing in the dollars".

The EPS acknowledges there will be negative social costs, but thinks the AGLC, through AADAC is doing a pretty good job addressing those issues. They do believe that AADAC could improve with more education and co-ordination of information gathering. The EPS is also willing to work with any social or law enforcement agency to determine the likely consequences of increased gaming and coming up with an appropriate "societal response" to such consequences.

To strike the right balance, EPS thinks AGLC will have to substantiate the link between gaming and crime and then properly fund prevention efforts.

They understand setting aside money for dedicated policing activities in gaming is ultimately a political decision, but it is best to get proactive now before illegal gaming gets a foothold in the province. They admit that until now the government has acted responsibly in handling VLT expansion, but they think with the expansion of casinos, the industry has taken a big leap, with big risks, EPS would be happy to see joint forces agreements struck with the AGLC. They believe such an initiative would show some social responsibility by giving more resources to law enforcement agencies.

Lethbridge Police Services (LPS)

Lethbridge Police Services reiterated many of the issues raised by the RCMP and EPS, including:

- The need for better collection of statistics on gambling.
- Establishing the extent of the link between crime and gaming.
- Trying to better understand the total impact (costs versus benefits).
- The need for the government or AGLC to fund better policing and enforcement efforts.

- Getting away from anecdotal evidence about the impact (suicides, fraud) by flagging data on a file for review by AGLC or AGRI.

LPS believes education of police services as well as the public is critical. They believe that accessibility of VLTs is a big part of the problem, but that First Nations casinos would make problems worse. They think the AGLC has done a fairly good job of balancing growth and social responsibility but that more resources need to be dedicated to addressing policy and prevention programs. They see gaming growing and think if something is not done soon to address problems, they will soon hear about it from the public. Similar to other police service they suggest the AGLC look into establishing a permanent regulatory or police presence in casinos. They point out it is one thing to know gaming is growing, it is another to commit the resources to deal effectively with that growth.

Medicine Hat Police Services (MHPS)

MHPS raised all of the same issues as other police services, which can be summarized as:

1. A need for more regular formal information sharing among AGLC and police services.

2. The need to track statistical data on gaming crime more effectively.

3. The necessity of properly funding these policing and information initiatives by setting aside additional money from lottery funds (through JFOs?).

MHPS thinks AGLC has handled the growth in gaming responsibly thus far (the growth has not seemed overwhelming) but that as the industry grows, better policing and intelligence data will be required. They suggest instituting a per capita grant from the province to deal with such issues. With such a fund, they believe some dedicated resources could be committed. Otherwise, with limited resources, they will continue to deal with the violent crimes first, not the "softer" crime such as gambling.

Calgary Police Services (CPS)

The CPS meeting began with a comment that there were insufficient resources to deal with gambling complaints. Similar to other sessions with police representatives, the CPS decried the lack of dedicated funding for policing and the inadequacy of efforts to collect and analyze statistics about the impact of gambling.

They identified numerous concerns about problem gambling such as:

- Domestic violence
- It's hidden impact on increases in related crime
- Money laundering and loan sharking

The CPS believes that the problems created by gambling – sanctioned by the government – have not been properly addressed. Similar to other law enforcement agencies, they called for greater cooperation between AGLC, communities and individuals to come up with strategies to address problem gambling. Ultimately they believe the government needs to infuse some cash in order to properly fund efforts by police and others to deal with the situation they created.

To balance social impact costs with the reality of expanding gaming requires stable sustainable funding of a JFO, according to the CPS. They question the wisdom of expanding gaming due to their concern for quality of life issues. They see the primary challenge of AGLC to be creating a strategic framework dealing with prevention and intervention with respect to gambling problems. Like many other forces, they see an urgent need for better data on the extent of gambling problems. They also support establishment of a JFO, funded by the government's lottery and gaming revenues.

SEGMENT FOUR: POSITIVE TOWARD AGLC (LOOKING OVER THEIR OWN SHOULDER)

The fourth segment consulted consisted of:

- The Alberta Gaming Industry Association
- Casino Operators (in Calgary & Edmonton)
- Casino Applicants (Remai Ventures & Oasis)
- Video Retailers (in Calgary, Edmonton, Lethbridge & Grande Prairie)
- Ticket Retailers

4.1 The Alberta Gaming Industry Association (AGIA)

The AGIA had an extensive amount of input to provide about the licensing review process, current policies and emerging challenges.

The AGIA welcomed the review process, but expressed considerable cynicism about the fact that "there have been lots of reviews, but a lack of action and outcomes". They said the industry's patience is "wearing thin" as people see one study after another while important issues are not being addressed. They raised attention to a number of irritants such as:

- The date of the multiple room license decision approaching with no clear decision, thereby putting some expansion plans on hold.
- A sense that AGLC reacts to problems rather than being proactive; as they put it: why fear the public mood - it has changed to be more supportive of gaming.
- How the media overstates the perceived problems of addiction.
- Their desire to grow the gaming business as partners with government, rather than operating it as an arm of government.
- The need to more quickly replace aging equipment.

The AGIA believes discussions about the social capacity in Alberta (or problems associated with gaming) are self-defeating; they assert that "people are voting with their wallets". They would prefer to see AGLC move away from operating in a reactive crisis mode to any alleged problem. Because AGIA thinks gaming is not a key issue on the electoral agenda (i.e. less than 1% say it is an important issue in recent polls), they think that small groups who oppose gaming are being allowed to dominate the agenda. They believe the province has successfully balanced the benefits and social costs by being sensitive to moral issues. The trick, in their view, is to avoid having moral issues dominate the political agenda.

As a result of their very positive views of gaming, they think the AGLC could improve by:

- Not avoiding (or being scared of) talking about how much money gaming generates).
- Stressing the spin-off benefits of training, high tech service.
- Improving service and maintenance levels/standards.
- Using more gambling revenues to improve the system.
- Taking a harder line with VLT retailers who do not meet aesthetic or operating standards.
- Continue to study addiction problems to come up with more effective programs (the bingo representative insisted their industry does not have the same extent of addictiveness; this view was not shared by other AGIA spokespeople).

The AGIA points to the size and importance of the industry ("it's the second largest revenue generator in the province") as proof of their advice to be proud and tell the story better. They see gaming as a recession proof entertainment business which should be better recognized. The AGIA went on to debate the issue of product cannibalization (in particular declining bingo and horse racing revenues) but could come up with no consensus on the cause or the cure.

The AGIA raised a number of policy questions, such as:

- What the role of industry and government should be in setting gaming industry standards (i.e. New Mexico Gaming Association sets its own standards).
- Liquor privatization being a good model to follow for gaming (i.e. letting the market forces decide if there is capacity for additional gaming facilities).
- The importance of being clear on how First Nations casino revenues would be disbursed; they think it is crucial to have a level playing field with respect to use of proceeds and to ensure the entire process is transparent and accountable.
- The challenges of addressing Internet gambling (the AGIA thinks AGLC cannot ignore it, but to legitimize it would also cause problems).
- Accessibility for any new products like Keno; they thought it would be better to be in age controlled locations such as casinos or liquor lounges.
- The need for greater capital investment (which will yield good returns).

- Their support in principle for an open competitive RFP process for establishing new casinos.

Finally, the AGIA stressed the importance of AGLC seeking feedback about policy prior to finalization.

4.2 Casino Operators

Casino operators in both Edmonton and Calgary noted a number of concerns:

- The LPR was viewed as a political “stalling tactic”.
- Wanting the same rules to apply to everyone – rather than having separate rules for First Nations casinos.
- The Charitable Model has “served us all well” and efforts should be made to reinforce it rather than threaten it.
- While the industry has evolved in a balanced controlled, way, they need to know where it is headed in 6 or 9 or 12 months.
- Hotel gaming rooms; the potential they have to push things to the saturation point.

Casino operators are cautiously supportive of AGLC’s efforts to regulate the industry but they are definitely looking over their shoulder at potential competitors (such as hotel gaming rooms or Native casinos). They feel that any further growth (with perhaps Calgary as the exception) would jeopardize the current success of the industry.

Their main worry is that although many current operators “have invested millions”, there is no reliable game plan for the industry to move forward. Most of all, they seek assurance of certain rules and market limits. They went on to detail how a small change in percentage proceeds given to a First Nations could upset the competitive balance (by allowing them to offer discount meals or hotel rooms). As they put it: “Why change a system that is working well now?” Provided that First Nations casinos play by the same rules, they are fully prepared to compete. To ensure comparable rules for expansion, they welcome efforts by AGLC to “raise the bar” by setting and enforcing certain minimum performance standards.

They believe there is still room for carefully planned expansion of facilities and games in Alberta, as long as existing rules are maintained.

Operators give AGLC credit for working with them to do an excellent job on enforcement and regulation of the industry thus far. Challenges AGLC will have to face in the future include:

- Addressing Internet gambling (either moving to prohibit it or using it for some types of betting such as Sports Select).
- Providing tech support when and where the industry needs it (i.e., after midnight at a busy casino).

4.3 Casino Applicants

Potential operators who applied for a casino license prior to the announcement of the moratorium were also interviewed. These applicants showed only a minimal awareness of previous or current review initiatives. The main challenges they identified for AGLC were:

- To strengthen support for gaming among the general public.
- To tell Albertans where the money goes.
- To maintain the strengths of the Charitable Model (in particular the volunteer base).

They see growth occurring in slots and higher end casino products appealing to Baby Boomers. They also identify tourism as a key component due to their focus on destination gaming. Their views on a variety of issues can be summarized as follows:

First Nations Casinos:

- inevitable
- level playing field
- impact on role of charities questioned

VLTs:

- incorporate them more fully into the Charitable Model through signage

Internet:

- huge problems if the government moves to control it or use it
- need to move cautiously

Charity Eligibility:

- needs to be reviewed carefully

4.4 Video Retailers

VLT retailers were fairly well informed about changes occurring in the gaming industry. Similar to casino operators, they see the main challenges of AGLC as:

- Fighting negative public opinion.
- Ensuring consistency in applying existing rules.
- Keeping up-to-date (by upgrading the machines).
- Having better maintenance.
- Resolving the multiple license policy once and for all.

VLT retailers think the AGLC has done a pretty good job in balancing growth and social responsibility, but they think improvements could be made by:

- Acknowledging the importance of VLT revenue.
- Telling people where the money goes.
- Incorporating VLTs into the visible Charitable Model (by having signs indicating where the money goes).
- Treating VLTs the same way as casinos (i.e. allowing more room for expansion).

In general, VLT retailers seem to not want to "rock the boat" by expanding the VLT network, but they do seek clarity about the rules for the number of machines and the ability to transfer machines if a lounge is ccld. Some acknowledged that the VLT network in Alberta was one of the most successful in part due to the 6000 cap. Nevertheless, there is a sense that if the multiple license policy is allowed to stand, then existing owners who have reached performance targets should be allowed to expand the number of machines.

In general, there was support for the concept of optimizing the network by setting minimum standards of returns and enforcing those standards by, if necessary, removing extra machines. This was seen as a good way to keep providing machines to those on the waiting list.

4.5 Ticket Retailers

Ticket retailers (or traditional lottery retailers) were very enthusiastic in their support for AGLC and their willingness to offer advice to improve lottery sales. They were less helpful in adding insights regarding the gaming industry as a whole, or any non-lottery type of game in particular.

Aside from identifying certain operational things the AGLC could improve upon (such as better utilization of the system to send internal messages, the lost opportunity due to not have special event scratch tickets and more/better promotion of Sports Select), ticket retailers only had a few concerns:

- VLTs raising concerns about the whole industry, and in some cases leading to problem gambling.
- A lack of promotion/education about where lottery revenues go.
- The desire among some operators to introduce Keno to the system (like in BC).

Most retailers viewed competition between different ticket retailers and between tickets and other forms of gaming, as inevitable, although a few complained about the proximity of competing ticket retailers.